

# INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Monday, October 3, 1994

No. 34,709

## Niceties Aside, Another Ambiguous U.S.-Japan Trade Pact

By Steven Brill

*International Herald Tribune*

TOKYO — The new U.S.-Japan trade agreement, hailed in Washington as a conceptual breakthrough, was seen here as another in a long line of ambiguous political compromises that will do little to open Japanese markets.

While the U.S. trade representative, Mickey Kantor, said the partial accord in the so-called framework talks would "produce real, tangible change and bring concrete results," Japanese negotiators stressed that Tokyo had made no commitments to numerical targets or market outcomes.

[The conclusion of the trade summit had little effect on the U.S. dollar, with the currency making modest gains in the first trading session of the week, Reuters reported from Wellington, New Zealand.]

The dollar was slightly firmer against both the Japanese yen and Deutsche mark in New Zealand, the

first foreign exchange market in the world to open Monday.]

In private, several Tokyo-based executives of American companies, whose leaders had praised the deal in Washington, said that while the U.S. negotiators had made a valiant effort, they were simply worn down by more numerous and tenacious Japanese officials.

As a result, President Bill Clinton, pressured by the upcoming elections and anxious for a foreign policy victory in Asia, dropped the original demand for numerical targets.

Instead, a collection of nonbinding objective criteria will be used to assess improvements in market access, although these measurements do not represent targets or presuppose particular outcomes. Thus after 15 months of negotiations, Washington and Tokyo have only fleshed out a mechanism for assessing market improvement, with no judgment to be made until next year.

Further, should foreign penetration of Japanese markets not significantly increase, the United States has no means to enforce the agreement, except for its own unilateral trade law. The so-called 301 trade provisions of U.S. law are despised by many of America's trading partners, especially in Asia.

But the U.S. effort to advance from a decades-long pattern of agreements that focused on procedures but achieved few results in favor of a "results-oriented" deal that would translate into tangible improvements in sales and market share has made little progress. "There are enough loopholes so the Japanese can interpret this one way and the Americans the other," a U.S. executive said. "There's nothing concrete. We're going to be in a position of saying, 'We all hope for progress.'"

After a 20-hour marathon session that capped months of arduous negotiations, the United States and Japan agreed on Saturday to open Japanese

markets in three sectors: government procurement of telecommunications and medical equipment, insurance and flat glass.

Details were not disclosed, but a variety of objective criteria were agreed upon. These ranged from trends in sales, to market share in the government sector, to the length of time needed to get government approval for new insurance products.

The United States also accepted the Japanese demand to include a variety of criteria to assess foreign "efforts" to penetrate the market. One U.S. executive derided these as "squirrel-on-a-treadmill measures that exhaust U.S. companies in futile efforts."

Significantly, no agreement was reached in the area of autos and auto parts, a sector that comprises 59 percent of Tokyo's \$60 billion annual trade surplus with the United States. As a result, Washington

See TRADE, Page 7

## IMF Dispute Forces Delay In Funds for Poor Nations

Furious at Agency Head, Germany and U.S. Halt Frenchman's Aid Effort

By Alan Friedman

*International Herald Tribune*

MADRID — A bitter dispute over financial aid for developing countries broke into the open Sunday, threatening to damage the career of the official who heads the International Monetary Fund and dealing a political setback to France.

The United States and most other Group of Seven industrial countries were furious Sunday with Michel Camdessus, the IMF chief, whom they accused of trying to force them to approve billions of dollars more financial aid for developing countries than they were willing to accept.

Both U.S. and European officials complained that Mr. Camdessus, a civil servant, had become a partisan campaigner on behalf of developing countries, which they said was not supposed to be the role of the managing director of a multilateral institution.

The controversy developed after the G-7 rejected as unwarranted and inflationary Mr. Camdessus' proposal to create more than \$50 billion worth of Special Drawing Rights. The SDR is an artificial IMF reserve currency that central banks can cash in for dollars and other currencies.

This was followed by more than eight hours of heated argument inside the IMF's decision-making committee of 24 ministers, who represent the organization's 179 member nations.

Last Sunday night, a group of developing countries blocked any SDR allocation at all rather than accept the G-7's final offer, a U.S.-British compromise that would have allowed the IMF to create \$23.4 billion worth of SDRs.

The developing countries, emboldened by Mr. Camdessus' strong support for them and his opposition to the G-7 offer, also held hostage the extension of special IMF credits for Eastern Europe.

Decisions on both the SDR and Eastern Europe credits were effectively postponed until next year, although a minor technical change was agreed to that would allow a slightly enhanced borrowing facility for some countries.

Except for France, other G-7 governments had agreed that with the growth of global capital markets the developing countries no longer needed to rely on a big expansion of the IMF's currency, which in any case has never lived up to its expectations as an international reserve.

Until Saturday night, France had steadfastly

See IMF, Page 5

## U.S. to Send Military Police To Disarm Haiti Opponents Some Combat Troops to Be Withdrawn

Compiled by Our Staff From Dispatches

PORT-AU-PRINCE, Haiti — American soldiers trying to stop outbreaks of violence increased patrols in the Haitian capital on Sunday as officials said some combat troops would be withdrawn and replaced by military policemen.

The steps came after officials said that the Clinton administration had decided to expand the U.S. military's role in curbing paramilitary supporters of the junta. American troops will be told to take more aggressive steps in identifying threats to security and to order the Haitian police to act against those threats and then to take action themselves if the police fail to comply.

The Pentagon said it would start to reduce the number of Marines in Haiti on Monday by withdrawing a small number and turning their duties over to military police. There are about 21,000 troops now in Haiti, up from the 15,000 originally called for in the force aimed at paving the way for the return of the deposed president, the Reverend Jean-Bertrand Aristide.

Lieutenant Colonel Roger Kaplan, a Pentagon spokesman, said 1,800 Marines would be pulled out over a period of time,

bringing the U.S. troop presence to under 20,000.

The withdrawal represents part of a plan to press the disarming of Haitians loyal to the military government, especially the paramilitary "attaches."

Colonel Kaplan said the task of quelling street violence and disarming Haitian gunmen was more suited to U.S. military police than to battle-trained soldiers.

"We have almost an entire military police brigade there, and there are steps being taken to disarm the attaches," he said. "The situation is such that there really is no good reason to have the Marines there."

Officials denied Sunday that U.S. efforts to stop the violence was leading to "mission creep," although the White House chief of staff, Leon E. Panetta, said U.S. forces would become "a little more aggressive" in disarming the Haitian paramilitaries.

Deputy Defense Secretary John M. Deutch denied that U.S. troops were expanding their role in Haiti. "I think the mission has not changed one hit," he said.

But Representative Newt Gingrich, Republican of Georgia, said, "I think we are right now drifting steadily into a quick-

See HAITI, Page 3

## Israel and Tunisia Agree On Step Toward Relations

By Clyde Haberman

*New York Times Service*

JERUSALEM — In another sign that it is shaking off its role as Middle East outcast, Israel agreed with Tunisia this weekend to exchange low-level representatives as a first step toward eventual diplomatic relations.

Technically, the step was a small one. The two countries announced on Saturday night at the United Nations that they would appoint economic liaison officers, who would work out of the Belgian embassies in Tunis and Tel Aviv.

The road to true diplomatic ties could still be long.

Nevertheless, the move underlined how far Israelis and Arabs have come toward reconciliation, especially in the 13 months since Israel agreed with the Palestine Liberation Organization on Palestinian self-rule in the occupied territories.

The economic link with Tunisia is similar to one that Israel forged last month with Morocco, although it is somewhat weaker in that the Moroccans accepted an exchange of independent offices and not merely of officials working out of a third-country embassy.

Still, an important new direction has been taken — "a first-rate achievement," Foreign Minister Shimon Peres of Israel

said Sunday — with the added fillip for some Israelis that Tunis until earlier this year was headquarters for the PLO and its chairman, Yasser Arafat.

It means that Israel now has some sort of official relations with three Arab states, all in northern Africa. The third is Egypt, the only Arab country to go so far as to sign a peace treaty with Israel.

Moreover, the new arrangement with Tunisia comes on the heels of a decision by six Gulf countries, led by Saudi Arabia, to end their blacklisting of foreign companies that trade with Israel, although their boycott of Israel itself remains intact.

"It shows that the Oslo agreement is moving beyond the immediate region," a senior Israeli official said, referring to the self-rule accord with the Palestinians. "It's working. Things are really changing."

Officials here did not disguise their desire for domestic political gain. They hope they have strengthened their argument to Israelis that coming to terms with their immediate neighbors is a key to broad regional and international acceptance.

But while some officials insist that peace with neighboring Jordan and Syria is at the door, it does not seem quite ready to cross the threshold.

On Monday, Mr. Peres is scheduled to

See ISRAEL, Page 5



AN ANNIVERSARY — Nina Matukhina embracing a portrait of her son Kirill, killed a year ago while he watched the storming of the Russian Parliament building. On Sunday, thousands of hard-liners — some carrying pictures of Lenin and Stalin — marched in Moscow to mark their failed uprising and to demand a return to Soviet-style rule.

### Kiosk

#### Bosnian Serbs Halt UN Convoys

SARAJEVO, Bosnia-Herzegovina (Reuters) — Bosnian Serbs reneged on a pledge to unblock UN relief convoys. Serbian forces obstructed several convoys a day after Serbian political leaders agreed to lift a blockade imposed following a punitive air strike by the North Atlantic Treaty Organization on a Serbian position on Sept. 22.

"There was an undertaking yesterday and we expected these convoys would be on the road today," said Claire Grimes of the UN relief forces.

Related article, Page 5

Books Page 7

#### Newsstand Prices

Andorra .....	9.00 FF Luxembourg 60 L Fr
Antilles .....	11.20 FF Morocco .....
Cameroon .....	1.400 CFA Qatar .....
Egypt .....	8.00 Riots 11.20 FF
France .....	E.P. 5000 Réunion .....
Greece .....	9.00 FF Saudi Arabia .....
Gabon .....	900 CFA Senegal .....
Ireland .....	780 CFA
Italy .....	300 Dr. Spain .....
Ivory Coast .....	200 PTAS
Jordan .....	1.10 D.U.A.E. .... 8.50 Dinar
Lebanon .....	U.S. Mil. (EUR) \$1.10

## Robots Film Sunken Ferry, Bow Door May Be Missing

Compiled by Our Staff From Dispatches

TURKU, Finland — Two camera-equipped robots scanned the hull of the sunken ferry Estonia on Sunday, sending back pictures of the forward section that was leaking before the tragedy.

Although investigators said they had received excellent footage of large sections of the ship, they declined to say whether parts of the ship were missing, such as the bow door, until the information was fully analyzed by investigators.

The Finnish news agency STT-FNB reported Sunday that sonar pictures showed a large object that had broken loose from the ship and was lying 10 to 20 meters from

the bow. It said it was possible that it was the outer bow door but that experts would not confirm this.

Memorial services for the dead were held Sunday in Sweden, Estonia and Finland. All three countries were stunned by the disaster.

Many Swedes wept openly in church, comforting relatives and friends of victims of Sweden's worst disaster for several hundred years as the national flag flew at half-staff around the country.

In the town of Jonkoping, in southern Sweden, worshipers sang the hymn "Near My God to Thee," which was sung by passengers on the liner Titanic as it went down in April 1912 at a cost of 1,503 lives.

President Martti Ahtisaari of Finland attended a memorial service in Helsinki, while church services were held across Es-

See FERRY, Page 5

## Insider's Memoirs Portray Mao as Decadent and 'Merciless Tyrant'

By Richard Bernstein

*New York Times Service*

NEW YORK — Mao Zedong, China's "Great Helmsman" whose brilliance, the official doctrine insists, led a vast nation to restored greatness, was actually an irritable, manipulative egotist incapable of human feeling who surrounded himself with sycophants and refused even to be treated for a sexually transmitted disease, though he knew he was spreading it to the numerous young women who shared his bed.

Those are among the elements of an extraordinarily intimate portrait of Mao drawn by Dr. Li Zhiwei, who was his private physician from 1955 until Mao's death in 1976 at the age of 82.

Mr. Li, who has lived in the United States since 1988, has written "The Private Life of Chairman

Mao," a 663-page memoir of the imperial court of Mao that, in absolute contrast with the official image, portrays it as a place of boundless decadence, licentiousness, self-indulgence, relentless toadying and cut-throat political intrigue.

Excerpts from the book, which will be published soon by Random House, will appear in this week's issue of U.S. News & World Report.

"In outer appearance, Mao was very easygoing, easy to contact," Mr. Li said in an interview at his home in suburban Chicago. "But when you stayed longer with him, you found that he was a merciless tyrant who crushed anybody who disobeyed him."

Mr. Li's memoir contains very little in the way of major revelations about the political or diplomatic history of the Maoist epoch.

But even in focusing on the private side of Mao, it contains numerous new details about the nature of Mao's rule, including his associations with other major figures.

Jiang Qing, Mao's third wife and later the head of the radical faction known as the Gang of Four, is portrayed as a flatterer and a hypochondriac who, by the time Mr. Li arrived on the scene, no longer had conjugal relations with Mao. Other major figures of the time are seen as reliably sycophantic toward Mao. Those very few who were not purged as a result.

"Mao was a man who had no friends," Mr. Li said. "He saw everybody as a subject, a slave. The mistake of those who got purged was to see themselves as equal to him. He wanted everybody to be subservient."

"Zhou Enlai was really a slave of Mao," Mr. Li said, speaking of the Chinese prime minister, whose reputation in the West was for sophistication and finesse. "He was absolutely obedient. Whenever I saw him with Mao he acted like a servant with his master."

"A lot of people think that Zhou protected people, that he was such a good man. But actually everything he did he did under Mao's orders. Mao was on the sedan chair and Zhou was one of his bearers."

Mr. Li, 74, comes from Beijing but studied medicine during World War II at the West Union University Medical School in Sichuan Province in south-central China. The school was founded by American mission-

See MAO, Page 5

## Armani on Fashion Inquiry: 'Impossible to Be Honest'

By Suzy Menkes  
*International Herald Tribune*

MILAN — In a gesture of solidarity with the Italian fashion industry, Giorgio Armani made a rare public appearance Sunday at a rival show. The Milan season has opened in the shadow of a financial scandal in which seven fashion companies, including Mr. Armani's, are implicated. An industry used to parading upscale wares now finds itself laundering dirty linen in public.

Mr. Armani appeared at the Dolce & Gabbana show. And in an interview at his Milan palazzo, Mr. Armani spoke of the shock of appearing last month before Antonio Di Pietro, Milan's best-known anti-corruption investigator, and his disgust with the corrupt system that has led to the "clean hands" campaign.

"I have nothing to reproach myself with — I am an honest man and I try to make nice clean suits; I never got involved with politics," he said. "But I feel I would like to get out of Italy — not really, because I love my country too much. But I hope in at least 20 more years ahead of me, and Italy has become a country where it is impossible to be honest."

Mr. Armani, 60, is one of five designers sum-

moned for Mr. Di Pietro's inquiry into the kick-backs designers say they were obliged to pay to government tax inspectors. Evidence has also been given by Gianfranco Ferré, Mariuccia Mandelli of Krizia; Gigi Monti, the chairman of Basile, which went into liquidation in 1993, and Santini Versace, the brother and manager of Gianni Versace.

The jewelers Gianmaria Buccellati and two fabric companies — Girolamo (Gimmo) Euro and Fabio Belotti of B&B of Milan are also implicated. Mr. Euro was put under house arrest last week but released Saturday in time for the spring-summer showing.

"It is a bit of a mess, but Di Pietro is just doing his job," said Mr. Euro's son, Kean, about the timing, just as the Milan fashion season opens.

All interrogations apparently concern the fiscal year of 1990, when the tax police allegedly demanded payment for a favorable audit or for turning a blind eye to fraudulent bookkeeping.

Mr. Armani's lawyer said he had given in to demands for a payoff, and Italian newspapers have put the amount at 100 million lire (about \$65,000).

"Everyone knew that it was like that," he said.

"And if 100 people are questioned, there are thousands who did it. Things in Italy are done like that, with human contact rather than precise rules."

Privately, he has said that the summons was both a "liberation" of a burden of guilt and the worst day he has endured since the death of his former partner, Sergio Galleotti, in 1985. He said he was mortified that his mother, who is proud of him as "emperor of fashion," should see him summoned to court.

Five members of the tax police have been arrested, suggesting that Mr. Di Pietro is concerned more with possible extortion than irregularities in accounting by the designers. Fifteen other fashion houses are expected to be summoned.

"We are being judged for something that is not finished yet," Mr. Ferré said Saturday as he attended a retrospective exhibition of the fashion house Missoni. "Di Pietro is very quick and clear. I stayed just 15 minutes and explained what had happened. But the real meaning of this story is about the tax force, which worked over the regular people."

Aldo Pinto, Ms. Mandelli's husband and Kri-

zia's president, accused the press of "playing up" the scandal, which was "the same thing they did to Mr. Berlusconi." He was referring to inquiries into the Fininvest corporation of Prime Minister Silvio Berlusconi. "It is about the abuse of power and intimidation by these super inspectors."

Gianni Cigna, the chairman of Laura Biagiotti, said the inquiries in the fashion industry were exactly like those in any other industry.

"Don't shoot down Italian fashion," he said, and expressed rage at comments in the newspaper *Corriere della Sera*, in which a magazine publisher contended that the fashion industry was known to be used for laundering money.

Giancarlo Giammetti, the president of Valentino, welcomed the "clean hands" campaign.

"If a new morality comes out of this earthquake, in the end it will be good," he said. "Psychologically the timing is bad for the fashion industry. But this scandal has been going on for years and we have seen the most important enterprises under investigation."

"It was the same laws and the same consequences for all companies. At the end of this cycle, when new laws are established, it will be good — if the government is able to govern."

## A Warning as Germany Fetes

### Avoid Turn Down 'Special Path,' Herzog Says

*Reuters*

BREMEN, Germany — President Roman Herzog warned Germans to avoid creating the impression of dominating Europe as the country marked the fourth anniversary of reunification with street fairs and parades on Sunday.

"Whenever I travel abroad or I receive foreign visitors here, I sense Germany's increased responsibility," Mr. Herzog said on German television. "The danger this entails, and which I to some extent feel is desired by some Eastern European states, is the impression that we want a

position of dominance in Europe."

"We must not allow that to happen, under any circumstances," he added. "We must not embark on a third path, a special path for Germany."

Germany began three days of festivities Saturday to mark the fourth anniversary of reunification with politicians lamenting that the peoples of East and West had not grown together in the years of togetherness.

The president of Parliament, Rita Süssmuth, said East and West Germans, reunited on Oct. 3, 1990, after four decades

### German Rightist Loses His Party Post

*Reuters*

BONN — The far-right leader Franz Schönhuber, who has been stripped of his post as leader of Germany's Republi- can Party in an internal revolt, vowed Sunday to fight in the

courts what he called the illegal coup.

The Republicans' leadership deposed Mr. Schönhuber at a special meeting in Bonn because they said he had undermined the party's credibility by

#### DUTY FREE ADVISORY

**US\$16,000,000  
HARD  
CASH**

USS138,000 paid out at each draw. USS 16 Million won so far. In the world-famous Abu Dhabi Duty Free raffle. Each ticket priced at USS138. Just 1,200 tickets entered in each draw. Approximately 6 draws every month. Available exclusively to passengers travelling or transiting through

Abu Dhabi Airport. Notification immediately by phone and by mail. Money paid in cash, by banker's cheque or directly into the winner's bank account. USS16,000,000 hard cash. The easy way.

**Abu Dhabi  
Airport Duty Free**

**The way the world's going**



PAPAL APPEARANCE — Pope John Paul II opening a synod of bishops Sunday at the Vatican to address the lack of influence of women in the Catholic Church.

## Meciar Takes Lead In Slovak Elections

*Reuters*

BRATISLAVA, Slovakia — Vladimír Meciar, the former prime minister, has scored a decisive election victory, according to preliminary official results on Sunday.

The Slovak statistical bureau announced that Mr. Meciar's Movement for a Democratic Slovakia had won 34.96 percent of the vote, about 10 percentage points more than pre-election opinion polls had forecast.

The Common Choice group, led by the reformed Communist Party, was second with just 10.41 percent, little more than half what earlier polls had forecast.

Turnout was 74.6 percent. Mr. Meciar, who captured votes among industrial workers and in the countryside by opposing wholesale privatization, is bidding for a second political comeback after his government was toppled in March in a parliamentary no-confidence vote.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The Democratic Union of Prime Minister Jozef Moravcik took 8.57 percent. Mr. Moravcik has led a broad coalition, including the reformed Communists, since Mr. Meciar's government fell.

He was also removed in 1991.

The Slovak Parliament dumped him then, when Slovakia was still part of the Czechoslovak federation.

His party has won a guarantee of 58 seats in the 150-member Parliament, but the total will rise when final results are announced on Tuesday.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian

## THE AMERICAS /

## Time Out: From Madding Superhighway to Monastery

By Francis X. Clines  
*New York Times Service*

**NEW YORK** — What? Never to bear a Lertman Top-10 list again? Never to learn the O.J. verdict? Or see if the Carville-Matalib nuptials go off but produce another "gosh weren't they a wacky twosome" best-seller? Never to master E-mail or track the lost Harriman fortune? Never to accept fresh-ground pepper at the latest hyped bistro? Or savor that better world we all hope for when Forrest Gump recedes mercifully to video replay?

"I won't miss the alarms," said David B. Phillipson before checking himself into a Carmelite monastery over the weekend for a life of silence and solitude.

"The alarms go off and they don't do anything," he said, making his withdrawal from a severe life of godly contemplation all the more poignant in citing a few ineffectual details of city existence.

His new world unfolds inside a granite-walled cloister hidden in 6,000 otherwise untouched acres (2,400 hectares) in the Vermont woods. Mr. Phillipson quit the Bronx to join one of the most

threadbare religious communities, the Charterhouse of the Transfiguration, a total of 22 monks so far off the scope of progress that they cannot even learn the mushrooming extent of all they have renounced.

Far from the madding superhighway, the monks have no telephones, television or visitors. They live, pray, meditate, eat and work apart from one other. Each man chops the day's wood to heat his own cell, washes his own monk's habit of unbleached wool and freshens the straw mattress on his plywood pallet. Each manages a strict spiritual regimen with prayers at midnight, dawn and all manner of inconvenient times in between.

"I'll miss the city," said Mr. Phillipson, lean and steady-eyed at 36. "You can get anything here. I was just at a Polish cafe and bad borscht — my last borscht. I had a cappuccino the other night. Loved that for the last time. A great boule of wine the night before, red wine — merlot, oh yes."

He worked at Fordham University for the last 10 years in a lay minister's job, setting up social outreach programs for students and scouring the

poorest parts of the world from India to Appalachia.

"The people of the Third World have a special quality and I found myself wanting to become like them," Mr. Phillipson said. "To be on an equal footing with them because I saw value in how they embraced their own life situation."

Whatever religion's shortage of parish clergy, individuals still gravitate toward monastic withdrawal, and the city is as great and gaudy a place as ever to encourage shunning life's tenderloin.

"Maybe 10 years ago I would have said the city was godless," Mr. Phillipson said during his final days in New York. "But I've come to love or like it a lot more. I have been able to find God here, especially among the poor and the disenfranchised."

He leaves a vast throng of them behind, of course. But a mix of factors, from a taste for wilderness austerity to years of Eastern and Christian meditation studies, impelled his retreat from the city. In recent days, Mr. Phillipson said good-bye to family and friends, finding many sad, some perplexed, all well-wishing. He gave away belongings and put away a few, his prized

possessions being a rocking chair from his grandmother and his stereo.

"I love music, everything from Gregorian chant to the Grateful Dead," he said, smiling fondly at the defining details of a life abandoned. "It's like a paradox: I feel very free. They say in a monastery personalities flourish. With such exterior uniformity there's no longer any attempt to define who you are by what's outside of you."

He can break silence only for about an hour after the monks' common Sunday lunch, and once more for a few hours on Mondays when the holy men go outside the walls to walk the woods and mountains for recreation. Three years ago, when he returned from rafting in Alaska, he recalled "missing the solitude I experienced out there, the closeness with nature and with God."

"I was thinking maybe I should bring a cassette of my favorite pieces of music, Rachmaninoff's Evening Vespers," Mr. Phillipson said, explaining a moment when he was packing up and thought finally about the world's attachments and curiosities. "Time has been a concern, never feeling enough time to really experience life on its terms."

## ★ POLITICAL NOTES ★

## Clinton Takes a Tip from the Republicans

**WASHINGTON** — President Bill Clinton's stock speech on the campaign trail this autumn, in ballrooms and meeting halls, always includes a long recitation of his achievements. But it omits a striking one. In 20 months, he has personally raised \$40 million in Democratic political donations, nearly half the national party's reported total.

He has done it mostly by taking a leaf from the voluminous fund-raising manual of the Republicans before him, and using the prestige and power of the White House for Democratic financial gain.

Like former Presidents George Bush and Ronald Reagan, Bill Clinton has flattered big-money donors with private White House parties and seats at state dinners and momentous events. He has freed cabinet officers, their aides and White House officials to give private briefings on business and politics to especially generous supporters.

As his party has begun to court traditionally Republican business leaders, his administration has consistently invited big-business donors on trade missions — just as his predecessors did.

And he has blanketed the Democratic tuxedo-dinner circuit with administration stars. This year alone, the president, his wife, the Gore family and top White House and cabinet officials will have appeared at nearly 300 fund-raising events.

"The time before we were in the White House and now just makes a world of difference," said Hugh Westbrook, a Methodist minister from Miami who is finance chairman of the Democratic Party's senatorial committee. "It's night and day."

It is also, chapter and verse, the sort of thing that Mr. Clinton condemned during his 1992 campaign for the White House. At that time, he wrote that American politics was being held hostage to monied interests, and complained that "political action committees, industry lobbies and cliques of \$100,000 donors buy access to Congress and the White House."

The turnabout distresses those who expected Mr. Clinton to clean up what they view as a political sewer.

"The president's aggression on the fund-raising circuit continues to shock and amaze, given his pledges to change the role of money in politics," said Ellen Miller, who heads the Center for Responsive Politics, a Washington group that monitors the flow of money in national politics.

Democratic officials admit things have not changed, but they argue that Mr. Clinton had proposed legislation to control some practices, including a ban on unlimited "soft money" donations to national party treasuries, only to watch it die in a Senate filibuster. (NYT)

## Quayle Touts His Foreign Policy Skills

**WASHINGTON** — Former Vice President Dan Quayle, readying himself for a possible run at the presidency in 1996, is trying to reinvent himself as an expert on foreign policy.

In two recent Washington speeches to foreign policy experts, Mr. Quayle has given a detailed critique of Mr. Clinton's foreign policy record, while trumpeting his own accomplishments.

"The Bush administration had perhaps, and I do not say this in a braggadocio way, but it had the best foreign policy team assembled certainly since the Second World War," Mr. Quayle said in a speech.

Mr. Quayle, 37, has spent the past two years in his home state of Indiana trying to rehabilitate his reputation after years as vice president, when he was the butt of countless jokes and a favorite target of late-night television hosts.

(Reuters)

## Senate On Time for First Time Since '48

**WASHINGTON** — Like magicians, Senate leaders made a slew of amendments disappear and enabled Congress and the White House to achieve something not accomplished in 46 years: getting all spending bills signed before the new fiscal year.

After more than a week of debate and behind-the-scenes negotiations, the Senate completed the last of Congress's 13 annual appropriations bills last week and shipped it to President Clinton, who promptly signed it. His signature came more than five hours before the midnight start of fiscal 1995. It marked the first time since 1948 that all of the appropriations bills became law before the start of the government's new fiscal year. (AP)

## Quote/Unquote

Senator David L. Boren, Democrat of Oklahoma, after the demise of a bill he created to overhaul Congress itself: "Our approval rating is down to 14 points. Are we going to wait to do something until not a single soul in America trusts us?" (NYT)

## Away From Politics

• The U.S. Postal Service's on-time delivery record for local letters was largely unchanged during the summer, with a number of key cities showing disturbing declines in performance, according to an independent audit. Nationally, 82 percent of letters are delivered on time, but the figure falls to 71 percent in Chicago and 70 percent in Washington.

• Federal prison inmates are almost three times more likely than state prisoners to be serving sentences for drug crimes, the Justice Department reported. The average quantity of drugs involved in the crimes of imprisoned federal drug traffickers was fairly large: 6 pounds (2.7 kilograms) for those who dealt in heroin, 2 pounds for crack cocaine, 183 pounds for "normal" cocaine, and 3.5 tons for marijuana.

• A hail storm shattered the windshield of a small passenger jet, United Express Flight 7658, injuring the captain and co-pilot with shards of glass. But they managed to return the plane safely to Denver.

• A white man was sentenced to life in prison for killing a black Marine in an apparent racist attack. Donald Worth Riley, 22, was sentenced for the murder of Marine Lance Corporal Tarion Dixon, who had just returned days earlier from five years of tours in Panama and the Gulf. "I think you agree with the court," Judge Michael McSpadden said in Houston, "that it is a sad commentary on our society today that Lance Corporal Tarion Dixon was much safer fighting a war on foreign soil than he was walking the street of his own hometown."

• The powerful mapping radar carried into orbit on the space shuttle Endeavour has gone aloft just as the Klyuchevsky Volcano in Russia's Far East erupted, allowing the shuttle an ideal view of the cataclysm. (AP LAT)

## Prospects 'Bleak,' Democrats Concede

## Confident Republicans Hope To Sweep Midterm Elections

By R. W. Apple Jr.  
*New York Times Service*

**WASHINGTON** — With little more than five weeks until Election Day, the Democratic Party seems to be headed for one of its worst midterm drubbings since World War II, which would present President Bill Clinton with enormous legislative problems in the last two years of his term.

It would also alter the shape of the 1996 presidential campaign.

Though most politicians remain reluctant to make firm predictions, a month of episodic campaigning since the Labor Day holiday four weeks ago has persuaded leaders in both parties that the Republicans have a genuine chance of making the net gain of seven seats that they would need to seize control of the Senate for the first time since 1986.

They have led the Senate for only 10 of the 62 years since the election of Franklin D. Roosevelt.

"It's bleak, very, very bleak," a leading Democratic campaign consultant in the Midwest said recently, and a senior White House official committed, "We're in the soup up to our neck, and it's hot."

Roger Stone, a Republican consultant, said, "It's hard not to be optimistic. I think we're riding a 1974-style tide, the kind the Democrats rode after Watergate."

So ebullient are some Republicans that they dream of pulling off a startling political trick by taking control of the Senate, the House of Representatives, which they have not controlled for 40 years, and the governorships of a half-dozen of the most populous states.

But many races are dead heats, many more remain in doubt and the lengthy session of Congress means that many incumbents have not yet hit their stride, either on the stump or on television.

Some Democratic strategists think they can still cut their party's losses by emphasizing Republican obstruction of Mr. Clinton's proposals and by ridiculing the lack of financing de-

tails in Republican proposals put forth in a midterm platform last week.

"So far, they have made us the issue," said Robert Shrum, who is advising a number of Democratic candidates, including Senator Edward M. Kennedy of Massachusetts. "We need to put the onus back on them; their behavior, their negativity."

Republicans threaten a Democrats in a dozen Senate seats: open seats in Arizona, Maine, Michigan, Ohio, Oklahoma and Tennessee; and those now held by Senators Dianne Feinstein in California, Mr. Kennedy in Massachusetts, Frank R. Lautenberg in New Jersey, Harris Wofford in Pennsylvania, Jim Sasser in Tennessee and Charles S. Robb in Virginia.

There is little doubt that Mr. Clinton constitutes a major problem for the Democrats, with his approval rating hovering around 40 percent.

But there are other problems, many of them beyond Mr. Clinton's control or only marginally affected by his presidency:

• A nagging sense of economic discomfort, evident despite the strong business turnaround that has marked Mr. Clinton's presidency, is costing the Democrats the credit they might normally expect for good times. Real family income has been declining in the United States since 1972, according to government statistics.

• The rebellion against incumbency, which has been gaining speed for a decade and helped elect Mr. Clinton in 1992, seems to be cutting more deeply into the Democrats now because they control the House, the Senate and the presidency.

• Many more Democratic senators are up this year, which gives the Republicans that many more chances to score breakthroughs.

The president has had to scramble for most of his legislative victories in the last two years. The almost inevitable Republican gains in Congress mean that he will have to scramble harder starting in January.



Dozens of Haitians reaching for food being dropped from the roof of a supermarket as it was looted in Port-au-Prince. (AP Photo/Agence France Presse)

## HAITI: U.S. to Replace Some Combat Troops With Military Policemen

Continued from Page 1

sand of misery, and I think that this is an enormous miscalculation by the Clinton administration."

He said the administration was "now on the edge of disaster" and urged that U.S. troops be pulled out "as quickly as possible, and I mean weeks, not months, not years." The House is expected to vote this week on several resolutions, including one authorizing the U.S. military presence in Haiti until March 1.

The Clinton administration has come under criticism from Haitians for being too slow in taming the gunmen. U.S. commanders had hoped initially that the Haitian military forces under Lieutenant General Raoul Cedras would do the disarming, as General Cedras had assured them. But failing that, U.S. action against the paramilitary groups has had to await comple-

tion of other objectives considered more immediate, the officials said.

A grenade attack on a crowd of supporters of Father Aristide on Thursday and a street battle between pro- and anti-Aristide factions on Friday left at least 12 people dead and scores wounded. The bloodshed drew criticism that the U.S. operation was failing to do its job either through indifference or fear of the political fallout from U.S. fatalities.

While planning to disarm the plainclothes allies of the military regime, U.S. troops still intend to rely on Haiti's uniformed military and police forces to keep order in the streets, U.S. officials said. Such reliance is a gamble but remains a practical necessity to relieve U.S. forces for other tasks, the officials said.

Administration officials are hoping that the new focus on pushing the Haitian po-

lice to do the disarming, combined with the arrival this past week and next of international police monitors who will supervise the Haitian police, will make it unnecessary for U.S. soldiers to expand their mission to include day-to-day law enforcement.

Last Saturday, American military police removed semi-automatic weapons, machine guns, tear-gas grenades and rifles from the Admiral Killick Naval Station in Bizeoton just west of the capital. The navy base had been used as a storage depot and training center for Haitian paramilitary units.

Areas near the port were calm Sunday where American military police joined with Haitian police for the first time Saturday to stop frenzied crowds from looting food shops.

(Reuters, AP, NYT, WP)

## Mexico Links Drug and Labor Figures to Killing

By Sallie Hughes  
*Washington Post Service*

**MEXICO CITY** — Mexican authorities have tentatively linked the leader of a powerful drug cartel and a jailed petroleum workers' union boss with the assassination of a top politician, a government official said.

An Acapulco real-estate figure implicated in the killing has

identified Juan Garcia Abrego, the Gulf of Mexico drug cartel chief, and Joaquin Hernandez Galicia, a former union boss, in statements to detectives, the source said.

The general secretary of the Institutional Revolutionary Party, Jose Francisco Ruiz Massieu, was killed last Wednesday on a Mexico City street. The gunman, a horse-

racing groom from Tamaulipas state, has confessed, the police said.

Mr. Ruiz would have been the majority leader in Mexico's lower house. As an intimate of President Carlos Salinas de Gortari and President-elect Ernesto Zedillo Ponce de Leon, he also was spearheading the government's internal reform and negotiations with the oppo-

sition after the Aug. 21 election. The investigation of his death is centering on the northern border state of Tamaulipas, home of the drug cartel and site of a wide-ranging anti-drug sweep begun Sept. 20 by the attorney general's office.

The gunman, Daniel Aguirre Trevino, was seized immediately after the shooting. Government investigators identified a congressional aide, Fernando Rodriguez Gonzalez, as the man who arranged for the killing.

The link between the conspirators to kill Mr. Ruiz and the suspected planners of the assassination is a former Tamaulipas state ruling party official who worked closely with Mr. Ruiz until being charged and convicted in a big Acapulco real estate fraud case in 1992.

Abraham Rubio Canales, a state director of the party in Tamaulipas in the early 1980s and later director of a multimillion-dollar Acapulco tourism promotion fund, has been questioned by the police for more than 10 hours, the director of the Acapulco prison said.

## CLINTON: A Reversal of Fortune for the Democratic Party as Midterm Elections Approach

Confirmed from Page 1

C. Wallace onto his base and scored a landslide re-election victory in 1972.

Today, those dreams seem like fantasies.

A recent poll reported that 8 out of 10 Perot voters say they would vote against Mr. Clinton in a two-way 1996 race. As the midterm campaign enters its final month, Democratic candidates are busy fighting off Republican efforts to link them to Clinton policies. And whatever gains Democrats had made on key issues and such value ques-

tions as family, responsibility and mainstream notions of morality have been washed away, in part by such Clinton actions as ending the ban on homosexuals in the military and in part by the stream of revelations and allegations about his personal life.

Administration officials and consultants and several independent observers all cited the 1992 campaign and what has happened to the "candidate of change" for an explanation of what some call the "implosion" of Mr. Clinton's support. In the

## India, Calling Plague Under Control, to Reopen Schools

Compiled by Our Staff From Dispatches

**NEW DELHI** — The Delhi state government on Sunday ordered schools to reopen as health authorities grew more confident that the nation's plague outbreak had been brought under control.

But the number of suspected cases of the disease continued to rise, and there were no signs of an easing of the international quarantine imposed on India.

Pakistan barred the entry of foreigners from India as it quarantined 28 foreigners and 320 of its own nationals on Sunday to prevent a plague outbreak. Bangladesh ordered four Indian ships not to dock at its ports.

Authorities tried to calm fears in New Delhi, where fear of contamination has reached panic levels. The Delhi government ordered schools

closed last week to reopen on Tuesday because the disease's spread had been halted. Chief Minister Madan Lal Khurana said.

He said only three of the 77 cases reported over the weekend had proved genuine. "The doctors say 90 to 95 percent of the cases are negative," he added. "Everybody with a cough or fever is turning up for a plague check-up."

The capital, divided into six zones, was cleaning up potential areas from where the disease could spread, he said. Only 26 of the 437 suspected plague cases so far had tested positive, he added.

"Hardly three or four cases have tested positive nationwide today," Indrajit Chaudhury, a senior Health Ministry official, said Sunday.

On Sunday, India reported a total of 3,474 suspected cases of plague, up by nearly one-third

from the previous day's figure. So far, however, only 204 have proved to be plague victims, the Delhi plague control room said.

The plague has killed at least 58 people, including 54 in Surat, the western city where the outbreak began two weeks ago, and four in New Delhi.

The World Health Organization said Sunday that the rapid rise in numbers of suspected cases was no surprise or cause for alarm and that the next two days would prove if the Indian government was right to believe the epidemic was dying.

In the first organized evacuation since the outbreak began, the Gulf state of Qatar evacuated 125 of its citizens from Bombay, United News of India reported. Gulf Air will operate special flights to evacuate Bahrain citizens on Monday, United News said.

(Reuters, AP)

### ■ Thousands Return Home

Thousands of people were streaming back to Surat by rail and road over the weekend to resume lives disrupted by the outbreak of pneumonic plague. The New York Times reported from Surat, India.

The scenes at Surat's railroad station were in sharp contrast to those two weeks ago, when crowds of people stampeded in an effort to force their way onto trains. On Saturday, the crowds were mainly arriving, many of them among the estimated 400,000 people who had fled to Bombay and other cities.

"You can't hide forever," said J.V. Pathak, 52, an engineer who had gone to Bombay. "Sooner or later, you have to say: 'To hell with it. I have a job to do and a family to feed.'"

## Stalled U.S.-Korea Nuclear Talks Leave an Ominous Void

By R. Jeffrey Smith

Washington Post Service

**WASHINGTON** — Senior American officials were worried that a stalemate last week in talks with North Korea about nuclear issues could soon propel the two countries toward more tense relations.

Such a development would end a brief period in which they appeared to be making substantial progress on a deal to eliminate North Korea's nuclear capabilities.

At the heart of the diplomatic stalemate, according to American officials, is a long-standing dispute over inspections of two suspected nuclear waste sites at North Korea's Yongbyon nuclear complex. The inspections are considered crucial by Washington and its allies in determining if North Korea has already made nuclear arms.

[North Korea repeated Sunday that it would not accept International Atomic Energy Agency inspections of the nuclear sites, Agence France-Presse reported from Tokyo.

[Rodong Sinmun, the newspaper of North Korea's ruling party, said: "The demand for special inspections will only lay obstacles in the way of a solution to the nuclear issue on the Korean Peninsula and lead the situation to an extreme phase of tension. This is an excessive demand which cannot work on anyone.]

North Korea first refused to allow the sites to be inspected nearly 20 months ago, and since then has spurned numerous attempts by Washington to help it back down gracefully.

The monitors said North Korea was either determined to prevent the world from learning about its nuclear capabilities — a step that would

lead to demands that it surrender whatever bombs it may have made — or it is trying to bargain for more rewards in exchange for giving up that information. Washington, however, is not inclined to offer more rewards.

The worsening diplomatic atmosphere has not so far been accompanied by any new worrisome nuclear activities by North Korea. Rules there have so far respected a partial nuclear freeze pledged by former President Kim Il Sung in June, a month before he died, U.S. officials said. This means engineers have not yet reprocessed a large stockpile of spent nuclear fuel to produce more plutonium, a key ingredient of nuclear arms.

The country also has not yet restarted the 25-megawatt reactor from which the spent fuel was withdrawn in May, although it has maintained during the talks that it planned to do so eventual-

ly, Washington has objected because the reactor can produce more plutonium-laden fuel.

International inspectors remain on duty at the Yongbyon site, keeping their eyes on a pond where the estimated 8,000 spent fuel rods are stored. But they have not been allowed to perform other inspection tasks there, a circumstance that led the governing board of the International Atomic Inspection Agency to express its "continuing concern" over North Korea's noncompliance with its commitments in a resolution adopted on Sept. 23.

A senior American official said, however, that in seven days of talks with U.S. officials ending Thursday, Deputy Foreign Minister Kang Sok Ju of North Korea repeatedly refused to agree even to a rough timetable for allowing inspection of the two suspected waste sites.

## Q&A: 'Step by Step'

### China's Top Finance Aide Outlines an Economic Path

Last week the World Bank said it expected to offer \$15 billion of loans to China over the next five years, a record level of financial support for Beijing's economic reform program.

Liu Zhongli, China's minister of finance, who was in Madrid for this week's annual World Bank/International Monetary Fund meetings, discussed the challenges posed by reform with Alan Friedman of the International Herald Tribune.

**Q.** Your government is embarked on an extremely broad reform effort. What are the biggest challenges you are now facing?

**A.**

The goal of establishing a so-called market economy has not yet been achieved and our biggest challenges are economic management and reforming the state enterprise system in order to establish a more competitive and modern economy. The state companies should be aware that their survival will depend on their ability to compete. We also plan to enact major measures next year to establish a comprehensive and nationwide social security system in China. But it is a step-by-step approach.

**Q.** This is a gradualist approach. What are the pitfalls of moving slowly?

**A.** Gradualism does not necessarily mean a slow speed. Right now we have very strong growth, but without growth it will be very hard to satisfy the needs of our people while we make structural adjustments. For example, our 12 percent GDP growth has made it easier to liberalize prices this year. Petroleum prices that used to be one-third of world levels have just been doubled. Food prices have gone up by 45 percent this year. These are important structural adjustments.

**Q.** And these adjustments also lead to increased inflation?

**A.** China is fully willing to cooperate with the international financial community. We need support and we want to fully open our financial system. Also, we plan to increasingly approach the world's capital markets with Chinese bond issues.

tion, which is expected to average 13 or 14 percent this year. What are you doing about inflation?

**A.** First, I want to make clear that inflation in China is caused by structural change and not by a growth in money supply, which is seeing some decline. Our latest figures also show that household savings in bank deposits will rise by 38 percent in 1994. Inflation is now running at 20 percent year-on-year, and it is our top priority to fight inflation.

**Q.** What about unemployment? How worried are you about that phenomenon?

**A.** In reforming state enterprises some will inevitably go bankrupt, increasing unemployment levels. That is why we are concentrating on developing a social security system of benefits. We also have the problem of the large flow of people from rural to urban areas. The majority of our labor force is in the countryside, so we are encouraging township and village enterprises in which people leave farming activities but not the countryside.

**Q.** What assurances can you offer to foreign investors who may worry about your government's commitment to reform after the eventual passing of your leader, Deng Xiaoping?

**A.** I am fully confident that all of the reform policies will continue and that the process will become even more open in the future.

**Q.** What is the message you will be sending during your meetings here in Madrid at this week's annual World Bank and International Monetary Fund meetings?

**A.** China is fully willing to cooperate with the international financial community. We need support and we want to fully open our financial system. Also, we plan to increasingly approach the world's capital markets with Chinese bond issues.

## Rwandans Warned Against Revenge

By Donatella Lorch

New York Times Service

"We must make sure that a genocide never happens again."

**KIGALLI**, Rwanda — About 30,000 Rwandans jammed one of the capital's main stadiums, pressing shoulder to shoulder or clambering up on walls to view several thousand former rebels on parade and hear an appeal from their new government to refrain from seeking revenge.

**G**eorge Paul Kagame, Rwanda's defense minister and vice president, warned the crowd Saturday against carrying out revenge killings of ethnic Hutu in retaliation for the massacres of ethnic Tutsi across the country last spring.

"You must be careful not to wreak vengeance," he said. "I promise we will bring to justice those responsible for the massacres."

**B**ut General Kagame also lashed out at aid agencies, particularly the UN High Commissioner for Refugees, which has just compiled a report, still unreleased, accusing the new government army of killing large numbers of Hutu.

"Beware of foreigners who

who preach ethnic divisions,"

said the former rebel strategist.

For weeks, former Hutu soldiers and militiamen have been discouraging Rwandans from leaving; on Friday, militiamen seized control of the camp of Katala, prompting international aid workers to flee.

**J**apanese Unit in Zaire

The main Japanese military contingent for Rwanda's relief assistance — a total of 98 soldiers — flew into the eastern Zairean town of Goma on Sunday, Reuters reported. The mission commander said this was the first humanitarian mission to be undertaken abroad by a Japanese military force.

## Neck Operation Found To Reduce Stroke Risk

By Lawrence K. Altman

New York Times Service

but are at risk for stroke from severe narrowing of either of the two carotid arteries in the neck due to a buildup of fatty substances from atherosclerosis.

Application of the findings could prevent many thousands of disabling strokes among the 500,000 to 600,000 people who now suffer a stroke each year in the United States and could save thousands of lives among the 150,000 who die from strokes each year, said Dr. Michael D. Walker of the National Institutes of Health.

The operation, known as a carotid endarterectomy, lowered the projected risk of stroke by about half, to less than 1 in 20 from more than 1 in 10, over a five-year period among the participants, who were 40 to 79 years of age.

The National Institutes of Health, which paid \$20 million for the study, and the scientists who conducted it said the results were so striking that the study was concluded sooner than expected.

"The results are dramatic," said Zach W. Hall, director of the National Institute of Neurological Disorders and Stroke.

Those who stand to benefit have no outward sign of disease

more than 2 million have major disabilities, including paralysis, loss of speech and impaired memory.

The study's leaders were puzzled, however, by the fact the operation was far less beneficial for women than for men. The risk reduction of surgery for women in the study was 16 percent, compared with 55 percent for men.

# Who's in Charge in Bosnia? NATO and UN Fight It Out

By Roger Cohen  
*New York Times Service*

SARAJEVO, Bosnia-Herzegovina — Through 30 months of the Bosnian war, and the loss of 200,000 lives, the North Atlantic Treaty Organization and the United Nations have had extraordinary difficulty working together to end the suffering.

But seldom have the two organizations been so obviously at odds or so clearly out of touch with the feelings of most people living there as in the past week.

Just over a week ago, angered by a day of shooting incidents in which two peacekeepers were wounded, UN military commanders called at a NATO air strike that succeeded in hitting an old, empty Serbian tank. This, the UN commanders in Sarajevo announced, was an example of tough peacekeeping.

But the air raid failed to impress the Clinton administration and clearly left NATO, whose solitary target was selected by UN commanders, feeling dissatisfied. On Thursday, at a NATO defense ministers' meeting in Spain, Defense Minister Malcolm Rifkind of Britain announced, "There will be no more pinprick air strikes."

Defense Secretary William J. Perry sharply

criticized the approach favored by UN officials and commanders in Sarajevo.

"When we go in," he said, "I want to go in with compelling force. Force not necessarily just proportionate to the act at stake, but enough to make it clear that there is a heavy price to pay for violating the rules that NATO has established."

The attack on the tank "was not robust, not strong enough," he added.

In other words, the Clinton administration believes that substantial use of NATO air power

## NEWS ANALYSIS

could change the attitude of the Bosnian Serbs. Instead of constantly engaging in brinkmanship — leaving tanks in a zone around Sarajevo that is supposed to be free of heavy weapons or shutting off water and electricity to the city to gain other concessions — the Serbs would think twice about such provocation and perhaps move closer to accepting an American-backed peace plan, the thinking goes.

This theory — that Serbs could be bombed into a change of attitude — has never been tested over the course of the war, so it remains unproven. The Serbs might react in a different way, by killing UN soldiers, for example.

It is this prospect that worries the UN force, and it seems to have led its British and French commanders in Sarajevo to adopt a different approach from that now officially supported by British and French defense ministers within NATO.

Take the events of the past week. After the NATO air strike, the Serbs were predictably angry. A Serbian liaison officer delivered a handwritten note saying that any UN aircraft attempting to land at the airfield would be targets for reprisals. The threat closed the airport, leaving a single way in and out of the city, Mount Igman Road, which is constantly targeted by Serbian guns.

At the same time, most UN aid convoys passing through Serbian-held territory in Bosnia were held up by the Serbs. They remain immobilized, though the United Nations secured a pledge from the Serbs on Saturday to let them resume this week. Food supplies are running low in the eastern Muslim enclave of Srebrenica, and stocks in Sarajevo that should be growing in preparation for the winter are shrinking instead.

"You can't escalate the situation by using force and then continuing to use it," said Lieutenant Colonel Tim Spicer, a spokesman for the UN peacekeeping force. "You have to use force

in a proportionate, precise and relevant way, and then you must negotiate patiently."

In other words, tough peacekeeping must be followed by conciliatory peacekeeping to keep the UN mission alive. But this approach begs the question: What exactly did the last NATO strike achieve? Would it be better to be consistently hard-nosed or consistently accommodating?

By promising tougher and wider action against the Bosnian Serbs, NATO defense ministers appear to be trying to respond to these questions.

The response is belated. Ever since the Clinton administration proposed lifting the arms embargo against Bosnia and using air strikes more than a year ago, it has been obvious that NATO and the United Nations had a problem.

The dilemma lies in the irreconcilability of the wide air strikes publicly favored by President Bill Clinton and the presence of thousands of UN troops in Bosnia. To pretend otherwise appears disingenuous at best, but the problem has never been resolved.

One response might have been to put U.S. troops on the ground; at least then the major NATO powers would be confronting the same dilemma. But the Clinton administration has consistently shied away from such a commitment.

## MAO:

### Tale of Decadence

Continued from Page 1

aries, so Mr. Li's training was mostly in English, which he speaks well.

He went to work as a ship's doctor in Australia but, when the Communists took power in China in 1949, he returned home at the behest of his older brother, also a doctor and a Communist.

Through his well-connected brother, Mr. Li was assigned to be a physician at a special clinic set up to treat China's new top leaders. In 1955, he was named Mao's personal doctor. He lived with his wife, Lillian Wu, and their two sons in a home in the Zhongnanhai Compound, a closely guarded part of the Forbidden City where Mao and other senior leaders lived.

From then until Mao's long illness and death in 1976, he remained very close to Mao, according to his account. He not only treated his illnesses, most of them very minor, but also accompanied him on his trips around the country, serving as his tutor in English and visiting him in response to his extremely frequent summonses.

Is Mr. Li's account authentic? One important piece of evidence that Mr. Li is indeed who he says he is comes from the numerous photographs of him with Mao taken at various periods during Li's service to the chairman.

# U.S. Lauds Move By 6 Gulf States

## American Firms Will Benefit From Easing of Israel Boycott

By John M. Goshko  
*Washington Post Service*

Specifically what the Gulf states did was to end the so-called "secondary" and "tertiary" aspects of the boycott. Those called for blacklisting any companies that either dealt directly with Israel or that did business with other companies or individuals with ties to Israel.

The primary aspect of the boycott — forbidding trade between Arab League states and Israel — remains in effect for the council members. But a senior council diplomat said that since the purpose of the boycott was to put pressure on the world's trading nations to resolve the Palestinian problem, it now is "something of an anticlimax" that seems destined to end completely.

For some time, and especially since Israel and the Palestine Liberation Organization signed their peace accord at the White House a year ago, many Arab countries unofficially have been ignoring all but the primary boycott. But their refusal to say so publicly has rankled Israel and its supporters in the United States. For that reason, a senior U.S. official said, the Gulf states' action "sends an important signal."

Egypt, at peace with Israel since 1979, is no longer a signatory to the boycott. Jordan currently is negotiating substantial economic cooperation agreements with Israel, and Morocco and Tunisia are expected to follow the lead of the Gulf states within a short time. That would leave Syria and Lebanon as the only two sizable Arab states still observing the boycott.

## ISRAEL: A First Link to Tunisia

Continued from Page 1

in the air are critical details like the extent of the Israeli withdrawal, the amount of time it would take, the Syrian definition of peace and future security arrangements that may include the stationing of United States forces on the Golan.

Both countries are now waiting for the U.S. secretary of state, Warren M. Christopher, who is supposed to arrive next weekend for another round of shuttling between capitals in an attempt to narrow differences.



One of the thousands who protested against the IMF talks Sunday in Madrid making her point by signaling "hunger."

IMF. It is my duty to launch my proposals."

A U.S. official, noting that Mr. Camdessus' second five-year term as IMF managing director expires in early 1997, said, "It would be most surprising if we allowed him to stay in office for another term."

The weekend dispute in Madrid was not the first time the United States has been upset with Mr. Camdessus. Last winter, the IMF was criticized in private by U.S. officials for its go-slow approach on special loans to Russia.

For France, which has long styled itself as a champion of the Third World, the controversy was especially galling. It came just days after the government of Prime Minister Edouard Balladur failed to secure a third five-year term in

Jean-Claude Paye, who was forced to leave his job as secretary-general of the Organization for Economic Cooperation and Development.

France is extremely sensitive about accusations from other G-7 governments that its bureaucrats control too many multilateral institutions. A French official — Jacques de Larosière — also heads the European Bank for Reconstruction and Development.

Separately, on Saturday, G-7 finance ministers met and expressed concern about the level of long-term interest rates.

Lloyd Bentsen, the U.S. Treasury secretary, praised the strength of the world economic recovery, which he said was being helped by a strategy of deficit reductions in the United States. Lower interest rates in

Europe, and encouraging consumer demand in Japan."

Mr. Bentsen said, however, that the recent rise in long-term interest rates reflected concern about the increasing gap between global savings and the growing demand for investment capital in many areas.

He said a special study on capital markets and interest rates would be prepared by the Group of 10, a grouping of wealthy nations that make resources available to the IMF.

Lamberto Dini, the Italian Treasury minister, said in an interview that high long-term interest rates could not be explained alone by fears among investors of a renewed inflation threat.

Mr. Dini said the study was needed because "the world has never entered a phase of recover-

ery like its present cycle with such a high real level of interest rates, and if they persist it could hamper business recovery."

The G-7 also agreed to involve central bank governors more deeply in its discussions of the world economy.

Mr. Li's account is authentic? One important piece of evidence that Mr. Li is indeed who he says he is comes from the numerous photographs of him with Mao taken at various periods during Li's service to the chairman.

Amsterdam	dep. 09.05
Berlin	dep. 09.50
Brussels	dep. 09.05
Düsseldorf	dep. 09.15
Frankfurt	dep. 09.20
Genève	dep. 09.05
Göteborg	dep. 07.35
Hamburg	dep. 09.20
Helsinki	dep. 09.05
Kopenhagen	dep. 09.25
London	dep. 07.35
Madrid	dep. 08.00
Milano	dep. 09.15
München	dep. 09.35
Paris	dep. 08.10
Roma	dep. 09.05
Stockholm	dep. 08.30
Stuttgart	dep. 09.00
Torino	dep. 09.15
Venezia	dep. 09.05
Zürich	dep. 09.35

**The Best Connections to the East...**

## FERRY: Robots Film Sunken Ship

Continued from Page 1

tonia, home to many of the victims.

In the Baltic Sea, the robots sent back electronic images for hours. Among other things, the pictures show unused lifeboats still attached to the ship's deck.

The robots gave search crews a complete view of the hull, upper decks, the bridge, the stern and bow section of the Estonia, said Tuomo Karppinen, a scientist aboard the salvage ship Halli.

"We have seen the wreck quite easily," Mr. Karppinen said by telephone from the Halli. He said the robots' two cameras had seen most of the 157-meter ship. The ferry is lying between 54 and 86 meters deep.

Mr. Karppinen declined to describe the pictures in detail and would not say whether any pieces of the ship were missing, such as the bow door. He said the search crews would keep the robots working at least until early Monday morning, when another storm was forecast.

The robots did not return pictures of any bodies, Mr. Karppinen said, since they did not go inside the ship.

Captain Raimo Tikkainen,

the Finnish Coast Guard official in charge of the search operation, said he was optimistic about chances for determining what caused the Estonia to sink.

With winter weather closing in over the Baltic, investigators are racing against time to gather as much information as possible.

"Certainly they will help," Captain Tikkainen said of the robots' pictures.

Asked about the quality, he said, "So far, very good pictures of it."

The work of the two robots has been focused on the bow of the ship, Captain Tikkainen said.

The Swedish maritime safety chief, Bengt Erik Stenmark, said the pointed bow door was ripped off before the ship sank.

Salvage crews say any attempt to lift the ship to the surface will have to wait until next year.

The ferry went down on a voyage from Tallinn, the Estonian capital, to Stockholm.

If the hull is accessible, the Dutch salvage firm Wijsmuller plans to send divers down to try to recover the bodies of the hundreds of passengers trapped inside.

(AP, Reuters)

You can never  
be too glamorous  
for the Peninsula  
Beverly Hills.

THE PENINSULA  
BEVERLY HILLS

SHARE THE EXPERIENCE

The Peninsula Hong Kong • Macau • New York • Beverly Hills  
The Palace Hotel Beijing • The Carlton Hotel Hong Kong

**Herald Tribune**  
LIVING IN THE U.S.  
NOW PRINTED IN NEW YORK  
FOR SAME DAY DELIVERY IN KEY CITIES  
TO SUBSCRIBE, CALL 1-800-882-2884  
(IN NEW YORK, CALL 212-752-3890)

...are those via Vienna International Airport, one of the most important hubs in Europe. Austrian Airlines, a Western airline with decades of experience in Eastern Europe, offer you 15 destinations in Eastern Europe. In many cases we have the quickest or even the only connection to important Eastern European cities. No matter which European city you start from, travelling via Vienna International Airport, with its modern infrastructure, short transfer times and superb shopping facilities, you will find more numerous and better quality onward connections to Eastern Europe than from any other airport. You may order our comprehensive flight timetable in handy credit card format free of charge from Austrian Airlines. Simply photocopy your business card and fax it quoting reference "Flight Timetable" to Fax no. +43-1-687938.

**VIA** Vienna International Airport

Welcome To  
**AUSTRIAN AIRLINES**

# International Herald Tribune

Published With The New York Times and The Washington Post

## Help Pyongyang to Say Yes

The latest round of nuclear negotiations with North Korea paused briefly this weekend after making little headway. Both sides seem disinterested — Washington with the restoration of President Jean-Bertrand Aristide and Pyongyang with the inauguration of President Kim Jong Il. If they are to make progress, they need to focus on what they can agree on.

Instead, both sides seem to be contemplating moves that could derail diplomacy. The United States is discussing resumption of the provocative Team Spirit military exercises with South Korea. The North is talking about refueling its nuclear reactor to generate more spent fuel for bomb-making.

Reassuring the North is the only way to induce it to stop building a nuclear deterrent. China showed the way by reaffirming its military alliance with the North while urging it to become nuclear-free. But the United States is slow to learn the lesson.

A week ago, Admiral Ronald Zlatoper, the U.S. commander in the Pacific, compared the presence of an American carrier task force off Korea to the situation in Haiti and said: "Some very strong military force can influence diplomacy." A few days later, North Korea's Defense

Ministry reacted sharply, saying it would never accept special inspections of military sites. Fortunately, the North's negotiators have not taken that stance.

Washington needs to look for the logic in Pyongyang's negotiating position. North Korea has been willing to freeze its nuclear program, but is reluctant to roll back that program irreversibly until it is reassured and rewarded.

The most difficult issue for the North is allowing special inspections to determine how much nuclear material it may have diverted in the past. The United States is right to defer this. The North is also reluctant to part with the spent fuel rods now in cooling ponds. But it appears willing to store the rods in dry casks to keep them from corroding. It also seems ready to cease construction of its reactors and seal its reprocessing facilities.

In return, the United States could open diplomatic ties and arrange to replace the North's nuclear reactors with new ones less susceptible to bomb-making. It could also help find ways to meet the North's more immediate electricity needs. The sooner the two sides stop brandishing threats and start reassuring each other, the sooner they will find ways to say yes.

— THE NEW YORK TIMES.

## Carter's Dubious Diplomacy

Jimmy Carter has carved out an unprecedented and unorthodox role in American diplomacy. The former president has used his lingering high status and his moral intensity to take up a position as free-lance practitioner in selected international disputes. He bills himself as an independent source of support and judgment able not only to reach but to bring together the parties concerned. Thus he has become a specialist of sorts in dealing with dictators in trouble with the United States. These men typically have poor relations and poor contacts with American officialdom and a generic readiness to work through outsiders and special envoys. Their isolation and Mr. Carter's passionate sense of mission — not to mention his inclination to huddle them up — make a match.

In the recent instances of North Korea and Haiti, the outside world got a good glimpse of the techniques Mr. Carter has been honing elsewhere for years. He comes in with a promise of bringing fresh ideas and impetus to an embattled conflict. His approach has embarrassed the current president and secretary of state, whose frustrations led to his being authorized, in some form, to deal in the first place. But he has delivered what the administration failed to achieve on its own.

In North Korea he diverted a gathering confrontation into broad negotiations

centering on the nuclear threat. In Haiti he got American troops ashore peacefully, without an armed and opposed invasion, to start a climb toward democracy. Whether these diplomatic breakthroughs will become substantive breakthroughs is, of course, out of Jimmy Carter's hands.

But that is not the end of the subject.

One of Mr. Carter's tools has been a distasteful and, we would argue, unnecessary tendency to play up to tyrants and to diminish his own government.

And to judge by what he recently told The New York Times, there is more and worse. He had asked the Bush White House if he could negotiate between Iraq and Kuwait and was turned down. "So I decided when President Bush went for the UN resolution to permit armed action, to try to block it, which was not appropriate, perhaps." He did this by abandoning the American debate and going international, writing to every Security Council member except Margaret Thatcher of Britain, whom he deemed beyond redemption.

This was blackmail: Accept my views on this level, or I will fight you on the next. It was a misuse of the prestige and honor the American people conferred on Jimmy Carter by electing him president, and an act of egoism. His own style explains much of the hesitation to make use of his diplomatic efforts.

— THE WASHINGTON POST.

## The CIA Isn't Helping Haiti

It does not make sense to occupy a country in order to guarantee its citizens the right of political self-determination and then unleash the Central Intelligence Agency to meddle in the nation's political affairs. That is what the Clinton administration is doing in Haiti. It is a throwback to the kind of arrogance that typified American intrusions during the Cold War.

For reasons of principle and prudence, the United States should not be in the business of covertly manipulating political debate in other countries — especially in countries where some 20,000 U.S. troops are supposed to be conducting a limited mission of restoring constitutional rule and giving way to an international force at the earliest possible date.

President Bill Clinton approved this unseemly approach for the apparent purpose of preparing the ground for President Jean-Bertrand Aristide's early return to power. Yet this hardly seems the time to authorize the CIA to run a covert program of dubious political manipulation.

Some of the \$1 million authorized for "political actions" has already gone to covert broadcasts, pro-Aristide leaflets, and infiltration of military groups. The United States is also expected to finance newspapers with a political message. Officials offer assurances that no money will go to buy the votes of legislators or bribe pro-military figures to resign. But there cannot be satisfactory accountability in a covert program.

The CIA does have a legitimate role to play in protecting American troops by ferreting out potential ambushes and other military dangers; an intelligence job that was not done well in Somalia. But in dealing with the wider Haitian public, Washington should confine itself to publicizing accurate information on U.S. views through existing overt channels like offshore radio stations.

Some U.S. financing of pro-Aristide messages might have been justified be-

cause Sept. 18, when Haitian military leaders were stilling free political debate, it cannot be justified now.

What is it about the psychology of official Washington that makes it so hard to resist turning to tools like covert political action, even when their use is unnecessary and unwise? It is bad enough that U.S. troops have been put at risk in an ill-defined cause with no vital national security interest at stake and alarmingly weak public support. It only compounds the error and adds to the risk to enlist the United States on one side of a battle for the United States' sake.

If Father Aristide is as popular as the administration believes, he does not need the CIA's propaganda help. If he is not, the United States should not tie its own interests and the safety of its troops, so closely to his cause.

— THE NEW YORK TIMES.

### Other Comment

#### Behind the Mexican Killings

After decades in which political assassination seemed a thing of the past in Mexico, two key leaders in the ruling Institutional Revolutionary Party, or PRI, have been murdered in a matter of months. Mexican drug Mafias may believe they have the resources to literally terrorize the government and turn Mexico into a republic of fear, like their criminal counterparts in Colombia did.

If this is indeed the meaning of the assassination Wednesday of Francisco Ruiz Massieu, the PRI's No. 2 official, then the enemy has landed a grievous blow. But the drug lords will not destabilize Mexico as easily as they did Colombia. Mexico is bigger, stronger and more sophisticated. Mexico can also count on the help of a powerful next-door neighbor.

— Los Angeles Times.

#### International Herald Tribune

ESTABLISHED 1857

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER  
Co-Chairmen

RICHARD McCLEAN, Publisher & Chief Executive

JOHN VINOGRAD, Executive Editor & Vice President

• WALTER WELLS, Vice Editor • SAMUEL ABT, KATHERINE KNORR and

CHARLES MITCHELMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor

• ROBERT J. DONAHUE, Editor of the Editorial Pages • JONATHAN GAGE, Business and Finance Editor

• RENÉ BONDY, Design Publisher • JAMES McLEOD, Advertising Director

• JUANTITA CASPARI, International Development Director • ROBERT FARRE, Circulation Director, Europe

Directeur de la Publication: Richard D. Simmers

Direktor Aufsicht der Publikation: Katharine P. Donovon

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.  
Tel.: (33) 1 43 43 10 Fax: Cte. 46 37 18 51; Adv.: 46 37 52 12 Internet: IHT@fr.eurocom.fr

Editor in Chief: Michael Kuklinski, 33 Commonwealth Rd., Singapore 18171, Tel: (65) 472 7778, Fax: (65) 274 3254

Managing Editor: Robert D. Kuklinski, 31 Gloucester Rd., London NW1, Tel: (44) 171 580 2222, Fax: (44) 171 580 2220

Editor in Chief, Asia: John Vinostrand, 17, St. James's Place, London SW1A 1JL, Tel: (44) 171 580 2221, Fax: (44) 171 580 2222

Editor in Chief, Europe: Michael Kuklinski, 121 Avenue F, RCS Number: B 742021/20, Courrier Postale No. 6137

• 1994 International Herald Tribune. All rights reserved ISSN 1294-4052

## To End the Martyrdom of Haiti

By Iain Guest

PORTE-AU-PRINCE, Haiti

**P**ORT-AU-PRINCE, Haiti — Only a few weeks ago, I sought refuge from invasion fever in Cité Soleil, the big, sprawling shantytown of Port-au-Prince, where support for President Jean-Bertrand Aristide burns like a slow fuse.

Here is a foul, stinking slum, home to 200,000 people. When the rains come, sewage washes through the shacks. Diarrhea and tuberculosis are rife.

But there is vitality and enterprise at every corner. Empty fruit cans are prized apart and hammered into water buckets; discarded sacks that once held U.S. food aid are fashioned into roofng material. One aid group has granted \$40 loans to 252 of these small-scale entrepreneurs at commercial interest rates. Ninety-two percent of them have repaid all or part of their loans.

This is the spirit that has carried the people of Cité Soleil through three terrible years. It is the spirit that will lift Haiti from the grip of Father Aristide.

The United States is ready to contribute \$200 million, and contribute \$200 million of multilateral aid and waiting to be unfrozen. But — and this is key — donors still need to be convinced that Haiti is worth the investment.

The recent looting of hundreds of tons of humanitarian food, fuel and pharmaceuticals will not have reassured them.

This has been heartbreaking to watch, and impossible to prevent. Twice in two days I watched hungry children scrambling for grains of rice in the dust while their parents slashed at sacks

of food aid from foreign donors.

This spectacle cannot be allowed to detract from the progress made. For once, the United Nations and U.S. military are working hand in hand. American troops are now patrolling UN warehouses and responding quickly to emergencies. U.S. forces soon will move 1,600 tons of UN food to the northeast, to feed 55,000 schoolchildren.

What can the UN offer? A great deal. Under overall UN direction, more than 150 agencies are feeding a million Haitians, supplying more than 500 health institutions with drugs, maintaining more than 1,000 rural water wells and pumps, and underpinning it all with subsidized fuel.

The challenge will come in shifting this from emergency hand-outs to something more lasting. Here, again, an important start has been made. Prevented from dealing directly with the illegal Haitian regime, the UN agencies have been forced to work directly with communities, churches and private businesses. This has reduced the red tape that cripples so many UN programs and has laid the foundation for a worthwhile UN role in reconstruction.

In one experiment, Unicef has trained 120 community health agents from the poor areas of Port-au-Prince. Each is responsible for promoting basic health education, including breast feeding, among 300 families. They also distribute water purification powder and vitamins, and refer

sick children to health centers.

These scattered projects need to be incorporated into a national policy. Here, too, the UN has contributed. Throughout the grim years, agencies have worked with Father Aristide's cabinet ministers, some of them in hiding.

The UN Development Program has helped to draft an emergency recovery plan that probably will form the basis for an international appeal. The Pan American Health Organization has played a key role in formulating a decent health policy.

Of course, there are gaping holes. The idea of a blanket amnesty worries human rights group. Many would like to see

the UN organize a "Truth Commission" for Haiti, similar to the body that identified the authors of past abuses in El Salvador.

The United Nations has kept the faith with Haiti through an extraordinary difficult period.

The same is true of the United States. Together they should be able to reassure skittish donors in the tense weeks ahead. The rest will be up to the inhabitants of places like Cité Soleil.

The writer is a senior adviser to the UN Humanitarian Coordinator in Haiti. The views expressed in this comment, which was contributed to the International Herald Tribune, are his own.

## Don't Doubt the Serious Threat to America's Friends in Moscow

By Stephen S. Rosenfeld

WASHINGTON — The rhetoric of the

Clinton-Yeltsin summit meeting says that two good buddies are cooperating and working on their differences, but the reality is that on the Russian side there is a creeping apprehension that cooperation on American terms may seriously diminish the Yeltsin reform regime.

Russians, pointing to progress on the political and economic fronts at home, believe that their country is becoming "normal," a status they treasure. Americans are not entirely sure, but they want it to happen. Russians, picking up the hesitation, think that Americans have not entirely shed their Cold War reflexes of distrust. They want Americans to make ample room for them in their thoughts and policies and to recognize Russia's interests as a great power. The result in Moscow of American hesitation, they fear, is to reinforce currents of nationalism on the one hand and isolationism on the other.

These are some of the grievances that outlasted the summit meeting and continue feeding Russian discomfit:

Washington seeks a global system of restraints on certain high-tech and military exports to states like Iran, an American nemesis. But Washington does not heed the potential of nationalist backlash

against Mr. Yeltsin for "bowing" to Mr. Clinton on arms for Iran. Meanwhile, the United States ignores exports of Islamic fundamentalism and terrorism from Saudi Arabia, an American friend. The reaction could yet lead Russia to set up a separate system of restraints.

Even as Russia is criticized for leaning on the former Soviet republics in its "near abroad," Americans ignore Moscow's huge subsidies (\$17 billion in a year) in unpaid and underpaid energy shipments to these otherwise bereft new states. But if an isolationist Moscow demanded prompt payment, the resulting stress would generate "millions" of refugees to Russia.

Washington insists that the United Nations make ready to subsidize a second-stage Haiti intervention for which Russia would partly pay. But it lets the UN duck Russian appeals for a parallel intervention in Georgia's Abkhazia. Russia is criticized for its policy there, even as the United States does far pushier things in — ah — Haiti, where Russia goes along.

To settle down the war between Armenia and Azerbaijan, Washington pressures Moscow not to deploy its own forces. In

fact, Russia needs to be more alert to the suspicions generated by the spectacle of

Russian troops on the move. The army has units left over in nearly a dozen of the old Soviet republics — a political presence if not a military lever. Russians can be too quick to dismiss historically based skepticism about their intentions as evidence of foreign pressure and incipient encirclement.

I am, nonetheless, persuaded that the Yeltsin circle, as friendly to America as any group you could imagine ruling in Moscow, is dead serious about the political risks of its policy.

To its right are the nationalists, an ugly crew, who want to throw Russia weight around. To its left are the isolationists, living in a dream world, who want Russia to pull up the ladder and to retreat from concern for the security and welfare of the other new states.

Engagement with the United States offers a middle path. But to be expanded and sustained, it must be done on terms that allow Mr. Yeltsin to maintain his political balance. That does not mean that Mr. Yeltsin must be accommodated on everything — fencing the old Eastern Europe of from NATO, for instance. It does mean that Washington must never undervalue its interest in the consolidation of a normal democratic state in Moscow.

The Washington Post.

## This Is No Way to Help Russia

By David J. Kramer

WASHINGTON — The State

Department has decided to shift the focus of U.S. aid to Russia from technical assistance aimed at improving the investment climate in Russia to, in essence, subsidization of U.S. trade and investment. Such a shift is a serious mistake.

The State Department's coordinator for assistance to the newly independent states, Ambassador Thomas Simons, strongly pushed for an expanded role for the U.S. Export-Import Bank and Overseas Private Investment Corp. Another major beneficiary from the change in policy is the U.S. Trade and Development Agency, an independent government agency that provides funding through non-reimbursable grants to American firms for feasibility studies overseas.

Not surprisingly, the Trade and Development Agency is popular in the House and Senate as a means to funnel assistance to corporations in members' districts.

Since late 1991, the trade agency has also been in the business of doing out aid money intended to help reform in Russia and the other states of the former Soviet Union. But instead of helping to promote economic development in Russia, the agency is subsidizing musical feasibility studies for companies interested in exploring busi-

ness opportunities there. This is not the way to help the Russians help themselves.

In July, the agency awarded \$6 million in "feasibility study funding" for a wide range of projects. A number of the companies involved have already established a presence in Russia. Moreover, one would

think that General Electric, with revenues of \$62.2 billion last year, Owens Corning (\$2.9 billion) or Marriott International (\$8.7 billion) could afford feasibility studies on their own without U.S. government support.

## AMERICAN TOPICS

### No More Free Alaska Land

"There is no more free land in Alaska," The Associated Press reports. "None. Nada. Zip." But the calls and letters from wilderness dreamers in the lower 48 states keep coming, asking how to get some of that land.

Apartment-dwellers write from cities, saying they have to get away from crime. Convicts write from prisons, saying they have to get away from society.

"There's a lot of desperation," said Salli Slaughter, chief of public information for the Alaska Department of Natural Resources.

For many, Alaska is more than a state. It is a metaphor for freedom, a symbol of a world beyond the limits of civilization, a blank slate where you can claim a piece of the wilderness and start life anew.

The reality: There hasn't been free Alaska homestead land open to all Americans since 1986, when the federal government halted its land disposal program.

The state began its own homestead program in 1984. But it's only open to Alaskans who have lived in the state at least a year. And because of a legal dispute, no homestead land has been offered since 1991.

It will be at least a year before the state opens more land to settlement, but because the state also sells land, there's no assurance that any offerings will be homestead giveaways, Miss Slaughter said.

### About People

Nancy Reagan surprised a George Washington University forum on presidential spouses by saying she supports a woman's right to choose abortion. The Washington Post reports.

She joked about not having had much influence on public policy when Ronald Reagan was president, contrary to popular belief. She said there was "always a certain jealousy" she had about his time. Asked if a president could be

unmarried and still serve effectively, she said, "I don't think you can have a sense of balance in anything unless you are married." The audience gasped.

### Short Takes

Yet another pickpocketing scam is described by Alice Timothy in a letter to The New York Times: As she was about to get off a bus, "the passenger in front of me sank to his knees and told me that his foot was caught in the barely open automatic door. Rising, he asked me to hold his portfolio and help him push the door, which I did, struggling over his shoulders. Behind me another man joined in pushing the now reluctant door." Eventually, it opened, and everyone disembarked. "Only when I looked into my handbag a block away," Miss Timothy recounts, "did I realize that my wallet, which I had when I entered the bus, was missing."

It took a lasso, winch and tow truck, a contingent of volunteer fire fighters, game wardens and a veterinarian to rescue a 350-pound (160-kilogram) black bear from the bottom of a 30-foot (9-meter) well in Weaverville, California.

A veterinarian, Tom Nickerson, climbed down with a 10-foot jah pole to give the beast a sedative. Then a volunteer fireman, Don Bickle, attached a harness and a tow truck slowly winched the bear to the surface. "It was like pulling a cork out of a champagne bottle," said Russ Gomez, a state game warden. "He just popped out." Rescuers scattered as the bear yanked off the harness, pushed over a wire fence and lumbered back into the woods.

Jim Murray, the Los Angeles Times sports columnist, recounts that when growing up during the Depression of the 1930s, he wore sneakers, sweatshirts and ragged blue jeans, and resolved never to wear them again. Today, he laments, "all of the 'in' people, actors and actresses and agents, are wearing jeans torn at the knee to go with their sneakers and sweat shirts. Ugh!" Mr. Murray also dreamed of wearing a dinner jacket and black tie. "Then, I grew up and went to fancy restaurants and nobody was wearing a suit jacket, never mind a tie. They had bush jackets thrown over their shoulders as if they had just spent the day hunting lions."

*International Herald Tribune*

## TRADE: U.S.-Japan Compromise

Continued from Page 1  
named Japan under section 301 of its trade law, beginning a process that could result in sanctions in the auto parts sector within 12 months.

Trade Minister Ryutaro Hashimoto said he deeply regretted the action. He stopped short of backing out of further talks, although he said Tokyo would need a "cooling-off period" of several months before resuming negotiations.

Foreign Minister Yohei Kono, who oversaw negotiations on government procurement, called the agreement "a positive one" and said the governments had "gradually built up trust."

The partial agreement was largely in line with expectations in financial markets and was likely to remove some political pressures that have been supporting the yen. The view that Washington wanted a strong yen to narrow the trade imbalance has contributed to its 13 percent rise against the dollar so far this year.

But market players believe that the Japanese currency is unlikely to weaken significantly because the agreement will do little to reduce Tokyo's trade surplus, which is the fundamental cause of the yen's strength.

Suggesting that room for a further dollar advance will be limited, Toshihiko Masaki, a foreign exchange manager for Citibank in Tokyo told Reuters on Sunday that the dollar had already factored in a partial agreement in the trade talks by Friday.

The dollar closed higher at 99.16 yen on Friday in New York, propped up by hopes for at least a partial trade agreement.

The accord brought to an end an difficult chapter in U.S.-Japan relations that began in July 1993 when President Bill Clinton, in Tokyo for the Group of Seven summit meeting of leading industrial nations, hammered out the framework accord over a dinner with Prime Minister Kiichi Miyazawa.

In the Tokyo declaration, Japan pledged to significantly cut its trade surplus with the United States, and Washington promised to reduce its budget deficit. It also called for negotiations on a variety of sectors.

But less than two weeks later, Mr. Miyazawa was voted out of office. Last February, when his successor, Morihiro Hosokawa, two leaders failed to cut a deal.

"Japan was unwilling to restate its goal — a significant increase in sales of foreign products," a U.S. official said Sunday. "Now, the framework language has been accepted."

### ■ Modest Gains for Dollar

In the first trading session of the week, the dollar made modest gains against both the Japanese yen and Deutsche mark in New Zealand, Reuters reported Monday from Wellington.

"People expected a lot of volatility this morning, we simply haven't got it," said Paul Richards of Bankers Trust NZ.

Dealers said the New York market had foreshadowed the outcome of the talks near the end of its Friday close, which took some of the wind out of the dollar's sails.

For investment information  
Read THE MONEY REPORT  
every Saturday in the *HTT*

## Heirs File Additional Complaints Against Pamela Harriman

By Sharon Walsh  
*Washington Post Service*

**WASHINGTON** — The heirs of W. Averell Harriman have broadened their attack on Mr. Harriman's widow, Pamela Churchill Harriman, objecting to the way she has handled \$18.6 million in four Virginia trusts.

In court papers filed in Loudoun County, Virginia, the heirs asked the court to remove

her and appoint an independent trustee. They also asked that she immediately repay millions of dollars she has borrowed from the trusts and restore any losses caused by imprudent investments.

The heirs contend that Mrs. Harriman, who now serves as U.S. ambassador to France, loaned herself or companies in which she had an interest, millions of dollars from the trusts,

even though she had already inherited more than \$30 million outright when Averell Harriman, a diplomat and financier, died in 1986.

The largest of the four Virginia trusts, referred to as the "marital trust," has about \$11.7 million in assets, and more than \$9.5 million is tied up in illiquid investments, to promissory notes of Mrs. Harriman's or in entities in which Mrs. Harriman

has a personal financial interest, according to the court papers.

Mrs. Harriman was both exec-

utor of her husband's estate, said to be worth \$65 million at his death, and a trustee of numerous additional trusts he created during his lifetime to benefit her and his children and grandchildren.

These objections are just part of their litigation to force

her to capitulate and pay them money," said Michael Helfer, an attorney for Mrs. Harriman.

"I don't think it's going to work," he said, adding that Mrs. Harriman had relied on the advice of professionals appointed by Averell Harriman.

The Virginia legal complaints — which have been submitted as objections to annual accounting filed by Mrs. Harriman with the Loudoun County commissioner of accounts — may prove even more serious than those filed recently in a New York lawsuit. That is because they allege that Mrs. Harriman has breached her duties as a trustee by self-dealing, namely making loans to herself or companies she controls.

The Virginia trusts were created under the will of Averell Harriman, a former governor of New York whose father, E. H. Harriman, founded the Union Pacific Railroad and created one of the America's great fortunes, worth more than \$100 million in 1909.

### An Ex-Major Says He and Diana 'Were in Love'

*Washington Post Service*

**LONDON** — London awoke Sunday to another chapter in The Life and Loves of the Royals. It's not your Masterpiece Theater, mind you, but if you liked "Upstairs, Downstairs," it has at least as many episodes.

When last we tuned in to Princess Di, Scotland Yard was investigating nuisance telephone calls made to a businessman from a private line.

and even at Kensington Palace.

"I was madly in love with her and helped her in so many ways," he is quoted as saying. "I advised her on what clothes she should wear, how to deal with the press and even helped her practice public speaking."

"We were deeply in love," he said. "In fact, Diana was so in love with me that she even contemplated leaving Prince Charles for me."

Mr. Hewitt says he called the

princess Dibbs. To her, he was Winkie, as in *Wee Willie*, no explanation offered. It ended, he told the paper, after things got "too hot" and she left him.

Mr. Hewitt was mentioned as one of four "male confidants" of the princess in a 1992 book by Lady Cohn Campbell, *Diana in Private*.

Buckingham Palace said: "We would not want to dignify these stories by commenting on them."

## BOOKS

### CLOSING TIME

By Joseph Heller. 464 pages. \$24. Simon & Schuster.

Reviewed by Christopher Lehmann-Haupt

**YOU** loved them and laughed at them in "Catch-22." Joseph Heller's blackly comic first novel, published in 1961 and about to be reissued in a new edition with a preface by the author.

And now some of the characters are back in a not entirely successful sequel to that antiwar classic, "Closing Time," whose title refers to terminus, shutdown, punt, the end, death.

Ex-Pfc. Wintergreen is back, along with Milo Minderbinder and of course Yossarian, in the late 60s cow, getting closer to closing time.

"I can't always find the words I know I know," he admits to Michael, his youngest son. "I can't always remember what I mean to remember. I talk a lot and say things twice. I talk a lot and say things twice."

At the opening of "Closing Time," Yossarian is in the hospital searching for some flaw in his perfect health. "You're in perfect health," the doctors tell him. "Just wait," Yossarian advises.

A familiar stranger shows up and exclaims: "How good you look! How happy am I to see we're both still alive!"

"Who . . . are you?" asks Yossarian.

The reply was instantaneous. "Chaplain, Tappman, Chaplain Tappman, Albert Tappman, Chaplain?" chorused

Chaplain Albert Tappman garrulously. "Pianos? Air force? World War II?"

Tappman has finally found Yossarian through the Freedom of Information Act, which, as Yossarian himself has discovered, "was a federal regulation obliging government agencies to release all information they had to anyone who made application for it, except information they had that they did not want to release."

Chaplain Tappman is shortly taken into custody by federal agents because he has a problem with heavy water. "He was passing it." As someone explains to Yossarian: "They could tell it was heavy almost immediately. It took two people to lift the eyecropper. . . . There's not a country in the world that allows heavy water without a license, and this guy is producing it by the quart several times a day. This deuterium oxide is dynamite."

In what is the funniest subplot of the novel, the chaplain is put in an underground train in the custody of General Leslie R. Groves of the Manhattan Project. The chaplain's heavy water may eventually be needed for a secret weapon being built for the government by Milo Minderbinder, a "Sub-Super-sonic Invisible and Noiseless Defensive Second-Strike Offensive Attack Bomber" that flies faster than light so that "you can bomb someone yesterday."

At the 1982 world championships in Biarritz, France, Besse took for his defense on the diagrammed deal. He sat East, defending three oo-trump after South had opened one diamond.

West led the club five and South had to guess. If he played low from dummy he would have made his game since he would have scored two club tricks. In practice, South played dummy's ten, hoping the jack was on no left, and regretted it when East produced that card.

South did the best he could at this point by permitting the jack to win. As the cards lie, this hold-up would succeed against routine defense: South will be able to lead a diamond from dummy and establish that suit without giving West a chance to cash two club winners.

"I can live with that!" Less amusingly, there are other subplots in "Closing Time," ones less reminiscent of "Catch-22" and more in the spirit of later novels by Heller such as "Something Happened" and "Good as Gold," and of his memoir of an illness, "No Laughing Matter."

One subplot involves Yossarian in a society wedding that he whimsically suggests should be held at the Port Authority because he has a problem with heavy water. "He was passing it." As someone explains to Yossarian: "They could tell it was heavy almost immediately. It took two people to lift the eyecropper. . . . There's not a country in the world that allows heavy water without a license, and this guy is producing it by the quart several times a day. This deuterium oxide is dynamite."

In what is the funniest subplot of the novel, the chaplain is put in an underground train in the custody of General Leslie R. Groves of the Manhattan Project. The chaplain's heavy water may eventually be needed for a secret weapon being built for the government by Milo Minderbinder, a "Sub-Super-sonic Invisible and Noiseless Defensive Second-Strike Offensive Attack Bomber" that flies faster than light so that "you can bomb someone yesterday."

At the 1982 world championships in Biarritz, France, Besse took for his defense on the diagrammed deal. He sat East, defending three oo-trump after South had opened one diamond.

West led the club five and South had to guess. If he played low from dummy he would have made his game since he would have scored two club tricks. In practice, South played dummy's ten, hoping the jack was on no left, and regretted it when East produced that card.

South did the best he could at this point by permitting the jack to win. As the cards lie, this hold-up would succeed against routine defense: South will be able to lead a diamond from dummy and establish that suit without giving West a chance to cash two club winners.

## BRIDGE

By Alan Truscott

**ONE** of the most popular figures in the world of bridge, Jean Besse, died in September at age 80. Beneath a placid exterior, he concealed a razor-sharp mind that he applied to mathematics and computing as well as bridge.

At the 1982 world championships in Biarritz, France, Besse took for his defense on the diagrammed deal. He sat East, defending three oo-trump after South had opened one diamond.

West led the club five and South had to guess. If he played low from dummy he would have made his game since he would have scored two club tricks. In practice, South played dummy's ten, hoping the jack was on no left, and regretted it when East produced that card.

South did the best he could at this point by permitting the jack to win. As the cards lie, this hold-up would succeed against routine defense: South will be able to lead a diamond from dummy and establish that suit without giving West a chance to cash two club winners.

### STATEMENT REQUIRED BY THE ACT OF AUGUST 12, 1970, TITLE 39, SECTION 3685, UNITED STATES CODES, SHOWING OWNERSHIP, MANAGEMENT AND CIRCULATION OF

INTERNATIONAL HERALD TRIBUNE

PUBLICATION NUMBER 12830

PUBLISHED DAILY EXCEPT SUNDAY, JAN. 1, MAY 1 AND DEC. 25 AT 850 3RD AVE., NEW YORK, N.Y. 10022

FILING DATE SEPTEMBER 26 1994

The owner is International Herald Tribune, S.A., 181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France; the names and addresses of persons owning 1 percent or more of the stock of International Herald Tribune, S.A. are: IHT Corporation, c/o The Washington Post Company, 1150 15th Street, N.W., Washington, D.C.; The New York Times Company, 229 West 43rd Street, New York, N.Y., and The Washington Post Company, 1150 15th Street, N.W., Washington D.C.; the names and addresses of persons owning 1 percent or more of the stock of The New York Times Company are: Cede & Company, c/o The Depository Trust Company, P.O. Box 20, Bridge Green Station, New York, N.Y.; Roland D. Grimm & Robert A. Lawrence & William O. Taylor, Trustees, U-A DTD 01-29-87; The Jordan Voting Trust, c/o Richard W. Towle, Jr., Boston Sale Deposit & Trust Company, One Boston Place, Boston, MA; Barbara Adler Katzander & Stephen V. Natale, Trustees U/W Julius Ochs Adler & Barbara Adler Katzander, 1413 Valley Road, Lancaster, PA; Mrs. Marian S. Helskell & Ruth S. Holmberg & Judith P. Sulzberger, Trustees, U-IND DTD 8-5-86 M-B, Arthur Ochs Sulzberger, 220 West 43rd Street, Room 1031, New York, NY; Marian S. Helskell & Ruth S. Holmberg & Judith P. Sulzberger, Trustees, U-IND DTD 8-5-86 M-B, Marian S. Helskell & Ruth S. Holmberg & Judith P. Sulzberger, Trustees, U-IND DTD 8-5-86 M-B, Marian S. Helskell & Ruth S. Holmberg & Judith P. Sulzberger, Trustees, U-IND DTD 8-5-86 M-B, Marian S. Helskell & Ruth S. Holmberg &amp



**CAPITAL MARKETS****Bond Investors Facing Rough End to Bad Year**

By Carl Gewirtz

International Herald Tribune

**P**ARIS — Only three months to go before one of the worst years for traders and investors in the bond market passes into history. But getting to the end promises to be as difficult as the preceding three quarters. For openers, there is the threat of a half-point increase in U.S. interest rates. Employment data for September, which J. P. Morgan & Co. analysts said could take the jobless rate to below 6 percent, could trigger the rise on Friday, or the Federal Reserve System's policymakers might wait until the following week's reports on industrial production and retail sales.

The midmonth federal election in Germany also risks being upsetting if Chancellor Helmut Kohl's conservative coalition fails to win, throwing into question whether the new government will continue the policy of reducing the public deficit.

John Lipsky at Salomon Brothers Inc. in New York forecasts a "standoff between the forces for stronger growth and higher interest rates. In Europe, we're likely to see continued accelerated growth but with inflation still low. In the United States, growth is likely to slow amidst worries about inflation."

It all adds up to continued caution by investors who have been badly burned.

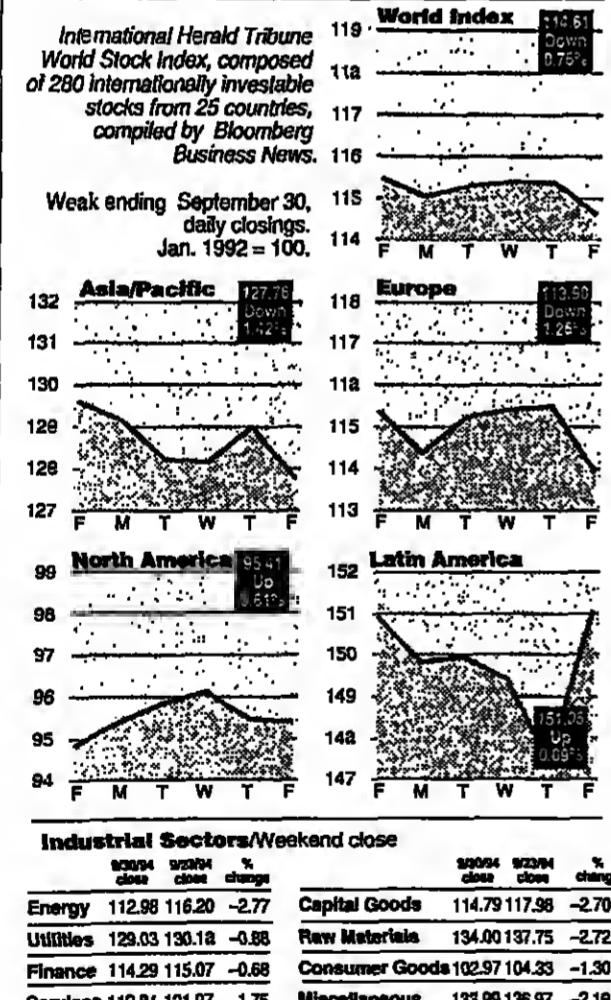
Despite scattered weeks of improving bond prices in a year, the year to date remains disaster. Morgan's government Bond Index Monitor, which measures returns in local currency, shows declines in every major market: 3.1 percent in the United States, 4.1 percent in Germany, 4.3 percent in Japan, 6.4 percent in France, 8.4 percent in Sweden and a high of 9.5 percent in Britain. Morgan's global index for the year to Sept. 30 is down 4.6 percent.

Surprisingly, new-issue activity has held up well. Data provided by Salomon Brothers show that the volume of new issues in the latest quarter totaled \$104.5 billion, up 14 percent from the depressed second quarter. But the third-quarter's volume was 8 percent below the year-ago level and for the year to date, activity totalled \$328.3 billion is running 11 percent behind last year's pace.

This relatively good performance is due to the huge increase of new issues denominated in yen, which was double the pace of the year-ago period and up 32 percent from the high level of activity already seen in the second quarter. International issues denominated in yen totaled the equivalent of \$26.7 billion. Yen issues accounted for 26 percent of the total third-quarter activity, a record

**Analysts see a standoff between forces for stronger growth and higher interest rates.**

See BONDS, Page 11

**THE TRIB INDEX**

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Greece, Hong Kong, Italy, Japan, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

International Herald Tribune

**CURRENCY RATES**

Sept. 30											
Cross Rates		E		D.M.		F.F.		Lira		U.S.	
From	To	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amsterdam	1.294	1.2945	1.2945	1.2945	1.2945	1.2945	1.2945	1.2945	1.2945	1.2945	1.2945
Brisbane	1.2415	1.2415	1.2415	1.2415	1.2415	1.2415	1.2415	1.2415	1.2415	1.2415	1.2415
Brussels	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405
Lisbon (A)	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405	1.2405
Madrid	1.2389	1.2389	1.2389	1.2389	1.2389	1.2389	1.2389	1.2389	1.2389	1.2389	1.2389
Milan	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
New York (B)	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
Paris	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
Tokyo	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
Toronto	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
Zurich	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
1 ECU	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385
1.50E	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385	1.2385

Closings in Amsterdam, London, New York, Toronto and Zurich reflect in other currencies.

g: To buy one pound; b: To buy one dollar; \*: Units of 100; N.G.: not quoted; M.A.: not available.

**Other Dollar Values**

Country	Per 1	Currency	Per 5	Currency	Per 5	Currency	Per 5	Currency	Per 5	Currency	Per 5
Caribbean	1.0994	Greek drac.	23.645	Hong Kong \$	7.7250	Icelandic króna	1.2075	Italian lira	1.295	Canadian dollar	1.295
Austria	1.2311	Hong Kong \$	7.7250	Icelandic króna	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295
Austrian schill.	10.095	Icelandic króna	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295	U.S. dollar	1.295
Brazil real	.971	Irish £	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295	U.S. dollar	1.295
Chinese yuan	.9234	Irish £	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295	U.S. dollar	1.295
Czech korona	.2734	Irish £	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295	U.S. dollar	1.295
Danish krona	3.382	Israeli shek.	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295	U.S. dollar	1.295
Egypt, pound	4.9472	Israeli shek.	1.2075	Italian lira	1.295	Japanese yen	1.295	Swiss franc	1.295	U.S. dollar	1.295

Forward Rates

Country	20-day	40-day	90-day	Country	20-day	40-day	90-day
Pound Sterling	1.2570	1.2570	1.2570	Canadian dollar	1.2519	1.2519	1.2519
Dutch florin	1.2474	1.2474	1.2474	Japanese yen	92.20	92.60	92.71
Swiss franc	1.2668	1.2668	1.2668				

Sources: ING Bank (Amsterdam); ING Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

**Stocks Rally In Taiwan And Korea****Copper as a Stock-Market Compass**

By Susan Antilla

New York Times Service

NEW YORK — Copper is making for interesting talk in stock market circles after the September-delivery price for the metal reached at a four-year high last week the peak of a recent rally that caught the attention of Wall Street's tea-leaders.

Never at a loss for a market rule of thumb, some Wall Street types dredged up this gem: "Every bull market has a copper roof." Or, if copper rallies, the stock market falls.

Indeed, in the most recent history of copper prices, an all-out rally in copper prices that started in November 1986 took off in advance of the 1987 stock market collapse. The copper rally from December 1989 to August 1990 got going before the 21 percent decline in the Dow Jones industrial average between July and October of 1990.

For the most part, however, copper rallies portend stock market slumps with

about the reliability of a coin toss, said Jeff Rubin of Birinyi Associates. "We've had plenty of rallies that were not coincident with a big market dropoff."

In the 15 copper rallies of 20 percent or more since 1948, the Dow followed with a bear market only eight times, said Mr. Rubin. Not nearly as reliable as the Super Bowl theory, the herline indicator, or the position of Venus in the darkening Wall Street skies.

The belief that euphoria over copper is bad for stocks derives from peculiarities of the economic cycle, explained Steve Leuthold of the Leuthold Group, a securities research firm in Minneapolis.

"Big copper rallies like this one take place when shortages take place in an expansion," he said. A copper rally could be a signal that the economic expansion is maturing, Mr. Leuthold explained.

Since conventional wisdom has it that the stock market turns down six to 12 months before a U.S. recovery runs out of steam, the copper rally could be bad news.

This time around, however, investors trying to make sense of copper's rise had better take a broader look at economies internationally, the pros say, because the big demand for copper is not coming from the United States.

"Our economic expansion is 4 months old," said Mr. Leuthold. "But the European one is only about a year old, and the Japanese expansion is even less."

Ditto the importance of growth in India and China, said Jim Williams of Williams Inference Service, a business consultancy. "You've got exploding middle classes in India and China that need new refrigerators, new TV



## New International Bond Issues

Compiled by Paul Flores

Issuer	Amount (millions)	Mat. Date	Coup. %	Price end week	Terms
<b>Floating-Rate Notes</b>					
De Indonesische Overzeese Bank	\$125	1997	0.65	100	— Over 3-month Libor. Noncallable. Fees 0.35%. Denominations \$100,000. (HSBC Markets.)
Thai Oil Company	\$200	2001	0.65	99.65	— Over 6-month Libor. Callable at par from 1999. Fees not disclosed. Denominations \$250,000. (Chemical Securities Asia.)
<b>Fixed-Coupons</b>					
Banco Bamerindus do Brasil	\$100	1997	11	99.05	— Semiannual. Noncallable. Fees 0.875%. (Salomon Brothers Int'l.)
Commerzbank Overseas Finance	\$200	1998	7½	101.395	99.85 Reoffered at 100.12. Noncallable. Fees 1%. (Morgan Stanley Int'l.)
Korean Development Bank	\$500	2004	8.09	100	99.78 Semiannual. Noncallable. Redeemable or par in 1999. Fees 0.30%. (CSFB.)
Landeskreditbank Baden-Wuerttemberg	\$200	1997	7	101.138	99.50 Reoffered at 99.95. Noncallable. Fees 1%. (Swiss Bank Corp.)
Lebanon	\$400	1997	10½	99.588	— Noncallable. Fees 1%. (Merrill Lynch Int'l.)
San Miguel	\$115	2000	9	99.60	— Semiannual. Noncallable. Fees 0.75%. (U.P. Morgan Securities.)
African Development Bank	DM 300	1999	7½	101.205	— Reoffered at 99.93. Noncallable. Fees 1%. (Deutsche Bank.)
Belgium	DM 1,000	1999	7½	101.27	— Reoffered at 99.52. Noncallable. Fees 2%. (Dresdner Bank.)
Societe Générale Acceptance	£120	1997	8%	101.02	— Reoffered at 99.87. Noncallable. Fees 1%. (HSBC Markets.)
Abbey National Treasury Services	FF 2,000	1996	7½	99.56	— Noncallable. Fees not disclosed. (Paribas Capital Markets.)
Sweden	FF 2,000	1996	7½	100.03	— Reoffered at 99.88. Noncallable. Fees not disclosed. (Paribas Capital Markets.)
Bayerische Hypotheken- und Wechsel Bank	m. 150,000	1996	11.10	101.075	100.50 Noncallable. Fees 1%. (Instituto Bancario San Pedro de Torino.)
DSL Finance	m. 150,000	1998	11	101.42	99.85 Noncallable. Fees 1%. (Banca Commerciale Italiana.)
Ford Credit Europe	m. 150,000	1998	11.70	101.54	99.30 Noncallable. Fees 1%. (Credito Italiano.)
Westdeutsche Landesbank	m. 150,000	1999	10%	101½	99.50 Noncallable. Fees 1%. (Banca di Roma.)
Crédit Local de France	DF 200	1997	6%	100.838	99.30 Reoffered at 99.65. Noncallable. Fees 1%. (Rabobank.)
Société Générale Australia	Aus 100	1997	9½	100.924	99.40 Noncallable. Fees 1%. (HSBC Markets.)
New South Wales Treasury Corp.	Aus 100	1997	9½	101.04	99.25 Noncallable. Fees 1%. (Barclays de Zoete Wedd.)
<b>Equity-Linked</b>					
Yang Ming Marine Transport	\$160	2001	2	100	— Redeemable at 123.6 in 1999 to yield 6.10%. Convertible at 138.37 per share and at 136.28 per dollar. Fees 2%. (Barings Brothers Int'l.)

## BONDS: Recovery by Year's End Still Evades Market

Continued from Page 9

market share. For the year to date, the currency accounts for 17 percent of total business.

This avalanche is currency related. Japanese investors are shunning foreign investments after having lost considerably because of the yen's sharp appreciation.

The partial trade agreement between Washington and Tokyo announced over the weekend was unlikely to assuage investor fears that the yen's appreciation has run its course. Analysts said only sustained monthly declines in the size of the Japanese trade surplus would convince Japanese investors that the yen had topped out and it was safe to buy foreign-currency bonds.

Activity in the dollar market was sustained by a 26 percent quarterly increase in the sale of floating-rate paper, which pro-

tects investors against rising interest rates. For the year to date, dollar floating-rate notes totaling \$49.9 billion were sold, already exceeding the amount of paper issued in 1993.

Total volume in the dollar sector was \$37.6 billion, giving the currency a 36 percent share of business in the quarter.

Activity in Swiss francs more than doubled, compared with the previous quarter, but at the equivalent of \$6 billion, it was down 20 percent from the year-ago quarter.

The Swiss franc and the European Currency Unit — where volume remained a low \$1.7 billion — stood out as the only sectors where third-quarter new issues failed to keep pace with the amount of paper maturing in the period. The equivalent of \$6.3 billion of Swiss franc paper is estimated to have matured during the quarter. Redemp-

tions in Ecu are estimated at the equivalent of \$3.1 billion.

New issues in Deutsche marks, the equivalent of \$6.6 billion, were nearly unchanged from the previous quarter and put the mark in third place, with a market share of only 4.4 percent.

Sterling, with the equivalent of \$4 billion, displaced the French franc for the fourth-most-active currency with a market share of 5.8 percent. The franc tumbled to ninth place, a 3.4 percent share of the market with the equivalent of \$3 billion, trailing not only the Swiss franc but also the Italian lira, the Luxembourg franc and the Canadian dollar.

But for the year to date, the franc held a 6 percent share of the market and ranks as the fifth-most-active sector, behind the dollar, the yen, sterling and the mark.

The panel, whose members came from Switzerland, New Zealand and Brazil, ruled that the 1978 tax on low-mileage cars and a 1990 auto luxury tax applied to cars priced above \$32,000 did not discriminate against European carmakers.

The European Union had complained that the laws violated a basic GATT prohibition against discriminatory treatment of imports.

The ruling of the panel is not binding on other disputes, but Mr. Kantor said, "I would expect the panel's report to help steer the debate when GATT countries take up trade and environment issues under the new WTO."

The commission said that the average gross hourly wage for full-time female employees in 1993 represented only 79 percent of male earnings.

That was up from 71 percent in 1975, when Britain first passed equality laws, but the commission was not impressed.

Commission officials increasingly play down the dispute, however. They say they expect the court to rule mostly in their favor. Moreover, they say that any tough WTO negotiations are likely to follow the pattern of the final bargaining on the Uruguay Round, when EU foreign ministers met in almost constant session to monitor negotiations on farm issues and moves between

the two sides.

The GATT accord is known as the Uruguay Round because the negotiations for the agreement began in Montevideo in 1986.

## The Week Ahead: World Economic Calendar, Oct. 3 - Oct. 8

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

### Asia-Pacific

Oct. 3: Brisbane: Peter Barnes, chief executive officer, Gates Micro, addresses a Bull &amp; Bear luncheon sponsored by Australian Stock Exchange and Securities Institute of Australia.

Sydney: Prime Minister Paul Keating addresses Australian Supermarket Institute. Hong Kong: Hong Kong Government's Secretary for Financial Services, Michael Cardwell, speaks at the Stock Exchange of Hong Kong's eighth anniversary reception.

Tokyo: Dentsu Perfume, a real estate company, offers 25 million shares for listing on the Jiekai stock exchange. The offering, underwritten by Mizuho Securities, closes Oct. 6.

Tokyo: New vehicle sales for September. Tokyo: Bank of Japan releases average lending rate for August. Tokyo: Ministry of Finance releases September foreign currency reserves.

Tokyo: Bank of Japan releases corporate service price index for August.

Sydney: James Holmes, a director, member of the board of the Reserve Bank of Australia, addresses Australia-Taiwan Chamber of Commerce.

Hong Kong: Former chairman of the U.S. President's Council of Economic Advisors, Murray Weidenbaum, talks to the American Chamber of Commerce in Hong Kong about the changing U.S. role in dealing with Hong Kong, China and the rest of southeast Asia.

Tokyo: Shares in Japan Tobacco to be

offered by lottery to investors who have applied for an initial offering.

Wellington: New Zealand gross domestic product for the April-June quarter. Forecast: GDP to rise 1.1% in quarter, up 0.3 percentage point.

Hong Kong: Harold McGraw III, chief executive of McGraw-Hill Inc., talks to the American Chamber of Commerce in Hong Kong about how to benefit from the global information explosion.

Kuala Lumpur: Final day to apply for shares in new listing of the plantation company, Lembang Permai Berhad. Shareholders will receive 100 shares in September.

Hong Kong: Yatman Broadcasts Ltd. holds annual stockholder meeting to finalize a proposal by the board of directors to raise more than 4 billion baht through a combination of stock and bond sales.

Oct. 6: Australia: Brisbane: Securities Institute of Australia seminar. Topic: Investing in oil companies.

Hong Kong: Yatman Broadcasting System launches its TNT &amp; Cards on Network in the Asia Pacific region.

Europe

Oct. 3: Frankfurt: August manufacturing orders. Forecast: Up 0.3 percent.

Rome: September consumer price index. Forecast: Up 0.3 percent in month, up 3.2 percent in year.

Frankfurt: September cost-of-living figures.

Rome: August M3 figures.

Rome: Second-quarter gross domestic product. Forecast: Up 0.5 percent in quarter, up 1.0 percent in year.

Americas

Oct. 3: Tampa, Florida: National Association of Purchasing Management releases its indexes for September.

Washington: August construction spending.

Caracas: Opening day of speeches at Venezuelan Gold Auctions Conference.

Caracas: Venezuela's Guyana President Armando Gruber and representatives from the World Gold Council, will be speaking.

Caracas: Central Bank announces inflation for the month of September. Outlook: Inflation down.

Santiago: Chile's private industry group Sojicel releases industrial production figures for August.

## Fed Has Eye on Wall Street in Rate Increases

By Keith Bradsher

New York Times Service

WASHINGTON — The decision by the Federal Reserve System's interest-rate policy committee on Aug. 16 to raise short-term rates by half a percentage point was unanimous and based partly on concerns that a smaller move

make the central bank look soft on inflation and send long-term interest rates higher as investors worried that inflation would erode their returns.

Marc Wanshel, an economist at J.P. Morgan &amp; Co., said that this concern at the Federal Open Market Committee was significant because it meant the Federal Reserve Board might continue its apparent pattern since May of raising rates in half-point increments every two months.

It would seem to suggest that when they move again, they'd go half a point," he said, predicting that the next move could come in October or, at the latest, at the policy committee's next meeting on Nov. 15.

The FOMC met Tuesday but adjourned without changing interest rates at all.

On Aug. 16, the committee raised its target for the federal funds rate to 4.75 percent from 4.25 percent. Banks pay the federal funds rate for overnight loans

from other banks, and the Fed indirectly controls this rate by buying and selling government bonds, thereby adding or subtracting from banks' reserves of lendable cash. The central bank had previously raised the federal funds rate by half a percentage point on May 17 and by a quarter percentage point each on Feb. 4, March 22 and April 18.

The Fed's concern about financial markets' reaction to a possible small increase on Aug. 16 irked Democratic members of Congress who have already been critical of rising rates.

"I think this just bears out and is confirmation of the view that the Fed is overly concerned about Wall Street's reaction and not concerned enough about what's happening on Main Street," said Senator Jim Sasser, the Tennessee Democrat who is the chairman of the Budget Committee.

Sung Sohn, the chief economist at Norwest Corp., said that the unanimity

on the final Fed vote probably reflected its members' desire to show a united front.

The decision to raise rates reflected a concern among many members of the committee that the economy was operating at full capacity, the summary said, so that any further increase in consumer and business spending might result in bidding up the price of goods.

Treasury bond prices fell in volatile trading last week. Despite a sharp gain on Friday, the yield on the benchmark 30-year Treasury bond rose to 7.82 percent at the end of the week, up from 7.79 percent the previous Friday.

[The market is repricing itself in response to statistics depicting much stronger economic growth than investors expected a couple of months ago. Knight-Ridder reported, and the September numbers that start to arrive next week are expected to confirm the economy's vigor.

## GATT Panel Backs U.S. In Car Feud

By Peter Behr

Washington Post Service

WASHINGTON — An international trade panel has rejected a European Union challenge to a key U.S. auto fuel economy law in a ruling hailed by Washington as a vindication of its support for an expanded global trade regime.

The ruling Friday by a three-member panel appointed under the General Agreement on Tariffs and Trade said that with one exception, two clean air laws regulating autos and an auto luxury tax were in compliance with world trading rules.

The one point on which the European challenge prevailed was the panel's finding that the method used to calculate penalties under the 1974 auto fuel economy standards discriminated against European carmakers. U.S. Trade Representative Mickey Kantor said, however, that the United States did not have to change the underlying law, the Corporate Average Fuel Economy, or CAFE, standards, because the methodology had not directly injured the European manufacturers.

The case, brought by the European Union on behalf of its automakers, has been a focal point of the debate over the new global trade pact.

Ralph Nader, head of the Public Citizen organization and a prominent critic of the agreement, has warned that GATT "tribunals" acting in secrecy would strike down U.S. environmental and health standards, endangering the lives of U.S. workers and consumers.

The panel, whose members came from Switzerland, New Zealand and Brazil, ruled that the 1978 tax on low-mileage cars and a 1990 auto luxury tax applied to cars priced above \$32,000 did not discriminate against European carmakers.

The European Union had complained that the laws violated a basic GATT prohibition against discriminatory treatment of imports.

The ruling of the panel is not binding on other disputes, but Mr. Kantor said, "I would expect the panel's report to help steer the debate when GATT countries take up trade and environment issues under the new WTO."

The commission said that the average gross hourly wage for full-time female employees in 1993 represented only 79 percent of male earnings.

That was up from 71 percent in 1975, when Britain first passed equality laws, but the commission was not impressed.

At a meeting chaired by Pierre Suard, the Board of Directors of Alcatel Alsthom, the Paris-based telecommunications, power and transport equipment group, examined the group's audited report of activities and financial statements for the first half 1994.

The year 1994 proved to be more difficult than was announced last January, despite the increase in the group's market share in Telecommunications, especially in the United States and in Asia; today, the outlook for the year 1995 is better.

Net income amounted to FF 2 billion compared to FF 3 billion for the same period in 1993. For the first half 1994, Working capital provided by operations amounted to FF 6.1 billion against FF 6.8 billion in the first half 1993.

This decline is due to several factors:

- The significant difficulties experienced by Alcatel SEL in Germany. In addition to the sharp fall in equipment orders, the German subsidiary has suffered from a dramatic drop in prices and incurred higher software development costs.
- Exceptional losses in the telecommunications

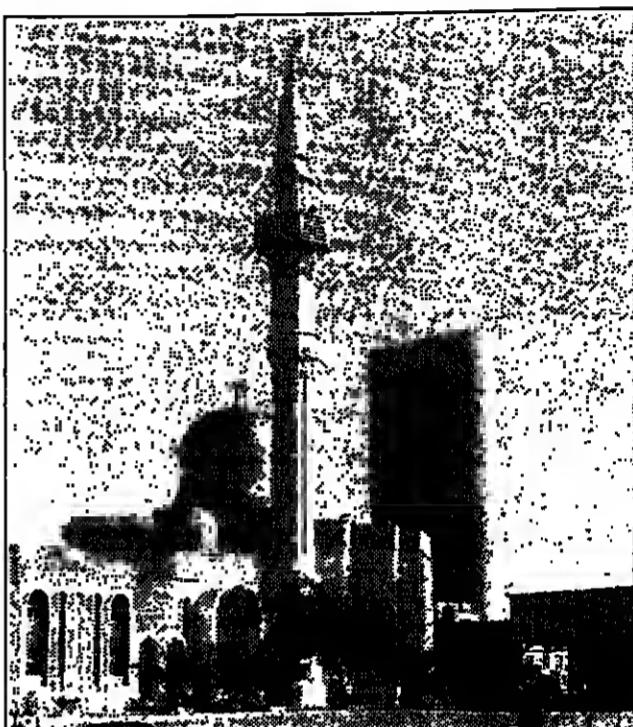
BANK  
AMERICAN LINE  
MORE PR

VERONICA GARNETT

# BANKING AND FINANCE



## IN THE ARAB WORLD



### ENCOURAGING OUTLOOK IN FACE OF INCREASING COMPETITION

*The expansion of capital markets and the changing demands of customers mean that banks in the Arab world are meeting new challenges.*

Some Arab banks and financial institutions will face a more competitive environment in the next year as a result of the expansion of capital markets and the growing sophistication of their customers. Saudi banks may find their year-end results are adversely affected by the current liquidity squeeze, but the prospect of reconstruction and reforms in countries such as Lebanon, Jordan and Syria should help to increase inflows to their domestic banking networks.

So far this year two of the Gulf's largest banks, the Arab Banking Corporation (ABC) and Gulf International Bank (GIB), both based in Bahrain, have reported steady earnings. ABC's pre-tax profits rose to \$79 million in the period from January to June, compared with \$74 million in the first half

of 1993. Assets at the end of June amounted to \$19 billion, compared with \$18.4 billion at the end of December. The figures include results from its Madrid-based subsidiary, Banco Atlantico, and its wholly owned subsidiary, ABC International, in Britain.

GIB, whose parent company is the Kuwait-based Gulf Investment Corp. (GIC), recorded net income after tax of \$37.7 million in the first half of this year, slightly down from the \$38.8 million earned in the same period in 1993. Total assets, however, were up by just under 5 percent, to \$7.1 billion.

"Our core business is continuing to develop most positively, and the outlook is encouraging," says the GIB general manager, Ghazi Abdal Jawad. GIC is owned by

the governments of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. In addition to offices in the UAE and Oman, GIB operates in London, New York and Singapore.

**Assets marginally lower** In Saudi Arabia, results show a confused picture but have belied some of the more pessimistic predictions that prevailed earlier this year as a result of the fall in world oil prices. Riyad Bank and the Arab National Bank (ANB) showed declining profits for the January-June period. Riyad Bank's net earnings fell 12 percent, to \$100 million. Its assets, however, were only marginally lower than the \$14 billion recorded at the end of December.

In contrast, Al Rajhi

Banking and Investment Corp., Saudi American Bank (SAMBA) and the Saudi Investment Bank (SIB) all reported improved earnings in the first half of this year. Al Rajhi's rose 16 percent, to \$116 million, while SAMBA's were up 11 percent, to \$139 million. SIB reported an even more impressive increase of 22 percent, to \$10.4 million.

Saudi British Bank's net profit remained steady at \$52 million, as did that of Saudi French at \$47 million and Saudi Holland at \$25 million.

In 1993, the Saudi banking sector formed one of the most buoyant in the region, with both profit and balance sheet results setting new records. The combined assets of the 12 commercial banks amounted to \$81 billion at the end of December.

In contrast, Al Rajhi

of this, foreign assets alone accounted for \$30 billion. The share of foreign assets could rise still higher in the coming months, analysts note, especially if U.S. interest rates rise. Moreover, several Saudi banks are already concerned about their large stock of government debt and the decline of lending opportunities to local companies.

#### New outlets for funds

Elsewhere in the Arab world, the opening of a secondary market for Treasury bills in Lebanon is expected to provide new outlets for funds in the domestic banking system and to further stimulate the return of private capital to Lebanese banks. A gradual strengthening of the Lebanese pound this year has already led to a slight fall in foreign currency deposits. In the longer term, the government in Beirut hopes to develop a fully functioning capital market and a stock exchange.

Banks and financial institutions in Jordan are gearing up for new investments in the West Bank following King Hussein's agreements with the Palestinians and with Israel. "Jordan will have a small window for ex-

ports into the territories," says Basil Jardaneh, managing director of the Jordan Investment and Finance Bank. Altogether, it is estimated that exports from Jordan to the West Bank could rise from nil to up to \$200 million a year, thereby providing substantial new trade financing opportunities for Jordanian banks.

#### In Syria, the country's five

commercial banks, all state-owned, are being modernized and equipped with computerized facilities. Speculation is rife that the government may consider allowing private and foreign interests into the sector, probably in the form of joint ventures, to encourage access to advanced technology and management training. Plans have also been floated to set up a stock exchange in Damascus, but no formal announcement is expected for some time. Without improved mechanisms for capital market transactions, analysts say, the repatriation of capital for local investment is likely to remain small despite the growing political optimism.

Throughout the Arab world, pressure on banks is increasing because commercial institutions now provide their customers with such things as automated teller machines and credit cards.

State-owned banks may find it necessary to merge to remain competitive.

Pamela Ann Smith

Next to each other in Kuwait City, a mosque and a banking tower.

## TO BUY OR NOT TO BUY...

*Decisions in Bahrain have led to \$6 billion acquisitions.*

On January 17, a group of people will gather for a three-week brainstorming session in Bahrain. Seated around a horseshoe-shaped table in the conference room of a stark commercial bloc, they will represent the crème de la crème of Arab merchant banking. Headed by Nemir A. Kirdar, president and chief executive officer of Investcorp, they will be facing a tough question: "To buy or not to buy?"

Founded in 1982, Investcorp, an international investment bank with offices in Bahrain, London and New York, is a hybrid investment operation formed principally to meet the needs of high net worth investors and institutions in the Gulf. Many of its directors and founder shareholders are top Gulf business leaders and entrepreneurs.

It is one of the longest-surviving private investment operations in the Gulf and has a unique record. Its success can be measured by the 26 percent return its 10,000 investors have received from its \$6 billion worth of acquisitions. Most of these are in high-profile brand names and companies famous throughout the world — Tiffany's, Saks Fifth Avenue, Gucci, Camelot Music, Mondi and Breguet.

The company focuses on three main lines of investments — real estate, proprietary trading and corporate investments. The questions facing the men around the horseshoe table will be whether to buy a particular company or to sell an existing holding.

**Capital for expansion**  
The architect of Investcorp's strategy is Iraqi-born Mr. Kirdar who, according to some of his colleagues, prods and cajoles his lieutenants into coming up with the right ideas. "But he is himself a true visionary and is always asking where the company is going to be in five or six years," says one of his colleagues. When the company is seeking new investments, it is easier to say what he is not interested in — high-tech companies, venture capital ideas, publishing and the media, energy and defense.

"What we are looking for are companies with good cash flows and good strong management that are starved for capital for expansion," explains a director at the London office. "We are perhaps opportunistic," he adds.

To some extent, Investcorp acts as a company doctor. A classic example is its acquisition of the Peebles department store chain in 1986 for \$85 million. Four years later, it sold the chain for \$160 million.

So far, Investcorp has sold off about 20 of the 48 companies and real estate investments it has acquired since it was founded. These include Club Car Inc. of Georgia, Sports & Recreation Inc. of Florida and Tiffany & Co., the New York jewelry retailer.

**Monitoring a business**  
In a recent interview with CNN television, Mr. Kirdar explained how his management philosophy works after a company has been acquired. "We monitor, and we work with the management. We don't manage the business. Businesses are managed by the companies themselves. When we start up this investment, management gives us a business plan and says that it is going to be over a three to five year period so that we can take the company public. So long as they are on plan, they have all our support in order to reach that goal. Should they not be on plan, we always go in and look closer to see what went wrong."

The overall objective is to increase the added value of the acquisition and to provide strategic advice and financial expertise for a period up to 10 years. Then, if the company appears to be on a sound footing, Investcorp decides whether or not to sell it off.

In 1993, Investcorp, which is quoted on the Bahrain Stock Exchange, achieved record earnings of \$67.3 million. Based on the market value of its shares at the end of 1993, invested capital for its shareholders has generated an annual return of 26 percent.

Michael Frenchman

## THE MIDDLE EAST EASTERN MEDITERRANEAN

*Economics, Business and Politics*

ASTIR PALACE HOTEL, VOULIAGMENI, NEAR ATHENS. 10-11 OCTOBER, 1994

This exceptionally timely conference will highlight the enormous potential for business and investment unleashed by the Middle East peace process. The focus of discussion will be on business, investment and infrastructure opportunities in Jordan, Israel, Lebanon, Egypt, Gaza and the West Bank. The impressive group of speakers addressing this major forum includes:

- Abu Ala'a, Minister of Economy, Palestine National Authority and Managing Director, PECDAIR
- Yossi Beilin, Deputy Minister of Foreign Affairs, Israel
- David R. Bock, Managing Director, Lehman Brothers International (Europe), London
- Roger Eddé, Chairman, Lebanese National Congress (LNC) and Chairman, HOK Intercontinental
- HE Dr Ziad Fariz, Adviser to HRH Crown Prince of Jordan
- Dr Jacob Frenkel, Governor, Bank of Israel, Jerusalem
- Rahmi Koç, Chairman, Koç Holdings AS, Istanbul
- Manuel Marin, Vice President, European Commission, Brussels
- HE Sheikh Ahmed Zaki Yamani, Chairman, Centre for Global Energy Studies, London

#### Conference Location

ASTIR PALACE HOTEL, VOULIAGMENI, NEAR ATHENS  
TEL: (30 1) 8960211/511 FAX: (30 1) 8962582

Situated on the coast and surrounded by 80 acres of private land, the Astir Palace Hotel at Vouliagmeni is just 30 minutes by taxi from central Athens and 10 minutes from the airport. The calm, relaxing atmosphere of the hotel creates the ideal climate for focusing on the key issues under discussion.

Co-sponsored by

Herald Tribune



AMERICAN HELLENIC CHAMBER OF COMMERCE

Corporate Sponsor

COMMERCIAL BANK OF GREECE, JEANNOL & PARISKEVAKIDES GREECE S.A.

For further information, or to register for the conference, please complete the form below and send or fax to:	
Fiona Cowan, International Herald Tribune, 65 Long Acre, London WC2E 9JH Tel: (44 71) 856 4802 Fax: (44 71) 856 0717 The conference fee is £650.00-18% FPA	
<input type="checkbox"/> Please send me further information. <input type="checkbox"/> Please invoice.	
Title (business/visitor) _____ First name _____	
Last name _____	
Position _____	
Company _____	
Address _____	
City _____ Country _____	
Telephone _____ Fax _____	
3-10-94	

### NATIONAL BANK OF EGYPT



#### Proven Competence in a Changing World

##### NBE

The first Egyptian bank among the largest 100 Arab banks, by assets.

##### NBE

The first Egyptian bank among the largest 1000 International banks, by assets and equity.

##### NBE

A sound presence worldwide through 1300 correspondents, the Arab American Bank, National Bank of Egypt International Limited (NBEI) London and a representative office in Johannesburg.

##### NBE

Sophisticated techniques Comprising electronic banking services and credit cards.

##### NBE

A vital role in the privatization process.

##### NBE

A philosophy geared towards global banking.

Head Office:  
National Bank of Egypt Tower  
1187 Corniche El Nil, Cairo  
P.O. Box 11611 Tel. 5749101  
Fax 762672 Tlx. 20069 NBE UN

MIS  
EXT  
BAN

THE FRIENDLY  
DISTINGUISHED  
OUTSTANDING SP

DON'T MISS THE  
Sponsored Sec

PALEST

the November  
issue of the ne

**BANKING AND FINANCE IN THE ARAB WORLD****ISLAMIC LINKS LEAD TO MORE PROFITS***Catering to both spiritual and monetary needs.*

**W**estern banks are on the defensive as the rising tide of Islamic banking and finance begins to lap against their hulls. Many find it difficult to comprehend the concept of banking without interest (*riba*), one of the basic principles of the Islamic law (*sharia*), and they are apprehensive about it.

In the last two or three years, Islamic banking has made rapid strides in financing a spread of deals, from power stations and dams to the purchase of jetliners for Gulf airlines. Not all such financing is limited to Islamic sources, but it has often been done by them on more favorable terms than could be offered by conventional banks.

Islamic banking is the fastest-growing sector of the Arab banking world, and it is not confined to Arabia and North Africa. It is also found in Sudan, Iran, Pakistan, Southeast Asia and the emerging Islamic states that were once part of the former Soviet Union. The combined market potential for Islamic banking is conservatively estimated at about \$500 million, and the total amount of funds under Islamic control is expected to reach \$100 billion in the next two years, according to Mohammed E. Al-Shroogi, regional manager of Citibank in Bahrain.

"From our contacts in the Islamic world, we feel that there is a definite upward trend in Islamic financing activity," says a senior manager at the Faysal Islamic Bank of Bahrain. The spread of fundamentalism has also been seen as a boost for Islamic banking, which seeks to serve both the spiritual and monetary needs of its investors. These criteria can never be met by conventional banks.

"Unfortunately, conventional banks will always fail in the spiritual area," comments Salah Al Nafisi of the Kuwait-based International Investor, a new player in the Islamic finance field. Nevertheless, a few traditional banks have begun to take action by attempting to link up with Islamic institutions and sharing expertise. Likewise, some Islamic institutions see themselves as conduits for funds from conventional banking systems. "We can channel funds by linking ourselves with conventional Western banks," says Hamed Al-Bader of Kuwait Finance House, one of the biggest Islamic institutions.

**Specialized in-house sections**  
Merchant banks such as Kleinwort Benson, Goldman Sachs and Midland Mootagu have been among the first of the conventional banks to realize the potential of Islamic finance instead of regarding it as a threat. All now have specialized in-house Islamic banking sections.

The largest Islamic bank is the Saudi Arabia-based Al-Rajhi Banking & Investment Corp., which has assets of nearly \$8 billion. Next in terms of assets are Kuwait Finance House (\$3.8 billion) and Dubai Islamic Bank (\$1.5 billion). Other major players are the Geneva-based Dar Al Maal Al Islami Group, which has several affiliates, including the Islamic Bank International of Dearborn, Faisal Finance; and Faysal Islamic Bank of Bahrain, which has assets of more than \$270 million. Faysal Islamic Bank has taken part in about 20 syndications totaling more than \$2 billion since it began in 1982.

One of the oldest established Islamic finance groups is Dallah Albaraka, whose investment company was founded by Sheikh Salih Kamel in 1982. The group as a whole has assets of more than \$6 billion. Dallah Albaraka has launched a number of real estate and other investment funds based on Islamic principles, including one for the reconstruction of Lebanon.

Bahrain has become an important center of Islamic finance, with more than a half-dozen Islamic banks and investment houses established there. Gulf Investment Bank has an active Islamic unit.

Mr. Nafisi of the International Investor of Kuwait spent a number of years working for a merchant bank in New York and feels that there should be closer links with conventional banks so that each can benefit from the other's expertise and share the risks in financial packages. Islamic banking deals such as "*jizas*" (lease-backs), can provide returns of up to 40 percent, according to Mr. Nafisi. M.F.

"ARAB BANKING AND FINANCE" was produced in its entirety by the Advertising Department of the International Herald Tribune.

WRITERS: Michael Frenchman and Pamela Ann Smith are based in Britain and specialize in Middle East affairs.

PROGRAM DIRECTOR: Bill Mohler.



**THE FRIENDLY BANK!  
DISTINGUISHED WITH  
OUTSTANDING SERVICES**

Cairo Plaza Bldg., corniche El Nil, s1..  
Boulak, Cairo. P.O.Box: 272 Alaba.  
Tel.: 202-778552 / 778701 Fax: 202-762806  
Telex: 21616-94061 XTMSR-UN Cable: Exiebanisr.

Don't miss the upcoming  
Sponsored Section on

**PALESTINE**

In the November 24  
issue of the newspaper.

**Herald Tribune**



Following Islamic traditions, in architecture as in banking practices, is the Qatar Islamic Bank.

**STOCK EXCHANGES LOOK OVERSEAS***Collective instruments for investment are launched.*

**F**ueled by the prospect of substantial privatization, stock markets in the Arab world are continuing to attract funds from global investors as well as from those closer to home. Nevertheless, progress on creating regional links between the exchanges remains slow.

Morocco and Tunisia have led in terms of attracting inflows destined for emerging markets, but other countries, such as Egypt, Jordan, Lebanon, Bahrain and Oman, have also increased their turnover. Even the Saudi Arabian exchange, hit by 25 percent downturn earlier this year, has remained steady in the wake of government statements in May promising progress on state sell-offs.

Exchanges in Morocco, Tunisia, Egypt and Jordan are open to foreign investors, while those in Saudi Arabia, Kuwait and Oman allow funds from other Gulf nations. Non-Bahraini participation is allowed for four stocks in Bahrain. London-based financial advisors Blakeney Management expect that within the next three years 13 Arab markets will allow foreigners some access, not least because of the need to develop capital markets if privatization programs are to succeed. "This is the last pool of undiscovered equities in the old free world," said one official.

**Rise in prices**  
During the first half of this year, the index for the Tunis bourse grew by 41.2 percent, according to the British weekly Middle East Economic Digest. The Casablanca Finance Group index in Morocco was up 34.6 percent, while the Muscat Securities Market in Oman rose 16.9 percent.

About 1,100 banks and companies in the region trade their shares, and the total capitalization is some \$50 billion.

The spate of activity has led to the creation of new collective instruments for investment. In North Africa, the London-based Framlington Group, whose parent company is Crédit Commercial de France, launched its \$30.5 million Maghreb fund in Dublin in early September. LCF Edmond de Rothschild Securities acted as lead manager. Barings Securities and Citicorp Scrimgeour Vickers International, along with Rothschild, will maintain markets in the fund.

In June, U.S. and French banks, including Bank of America, Citicorp, Mellon Bank and Crédit Lyonnais, began marketing a \$500 million investment fund that is to take equity stakes in Gulf companies. The fund matures in 10 years.

**First of its kind**  
In Bahrain, the Bahrain Middle East Bank was planning to launch a variable capital investment fund by early October, the first of its kind in the country. The Proinvest BMB will be a closed-end company with authorized capital of \$60 million and will be listed on the Bahrain exchange for investment by resident foreigners and Gulf nationals. Another equity fund is being launched on the Kuwait Stock Exchange by The International Investor.

Earlier this year, Blakeney set up the \$52 million Oryx Fund in Muscat, the only vehicle currently open to foreign participation in Oman. In April, Salomon Brothers of the U.S., together with Omnium Nord Africain of Morocco, established a \$60 million Morocco Fund. Framlington, along with the Egyptian Financial Group and other investors, is involved in the new Egypt Fund Management Group, which is directing funds into the Cairo stock market.

P.A.S.

**EGYPTIAN BANKS SEEK NEW OUTLETS***Competition is keen among the country's 60 banks, and mergers are possible.*

**E**gypt's banking sector is undergoing a process of rapid change as a result of the economic reform program under way. Competition is keen, equity and reserves are being increased and mergers of some of the country's more than 60 commercial banks are likely, as is privatization of the four big state-owned concerns. Uncertainty about future exchange and interest rates also prevails.

For the immediate future, the main priority is finding suitable investment outlets for the flood of cash that has found its way into the banking system as a result of the strength of the Egyptian pound and high interest rates. The repatriation of capital by Egyptians working abroad began during the Kuwait crisis in 1990, and it has reached new levels as a result of the growing opti-

**Privatization program**  
Others are hoping that the government's privatization program and the revitalization of the stock exchanges in Cairo and Alexandria will help to mop up the excess

cash. Although complaints continue about delays in the state sell-offs, bankers report an apparent change of policy in the past few months.

Institutions such as the National Bank of Egypt (NBE), Banque Misr and the Bank of Alexandria – all state-owned, and Egyptian American Bank (EAB) are responding by launching new mutual funds aimed at channelling investments into securities and the stock market. NBE's offering, a \$30 million open-ended capital gains growth fund, was two and a half times oversubscribed when it closed at the end of August.

**Governments in the state-owned institutions, which include Banque du Caire as well as NBE, Banque Misr and the Banque of Alexandria, are due to be privatized later next year.**

Meanwhile, their holdings in several important joint ventures, such as EAB – whose partners are the Bank of Alexandria and the American Express Bank – are expected to come to market first. Sale of these more attractive assets would help to boost the balance sheets of the big four and thereby make them more successful candidates for privatization later.

Other government-owned entities, such as the Arab In-

**ARAB INTERNATIONAL BANK**

**ANNOUNCE ITS NEW ISSUE  
OF FLOATING RATE  
CERTIFICATE OF DEPOSITS IN  
U.S. DOLLARS.**

**THE SECOND HALF OF AUGUST  
1994 ISSUE WITH THE HIGHEST  
AVAILABLE RETURN ON  
INVESTMENT**

**5% P.A.  
3 MONTH  
CERTIFICATES OF  
DEPOSITS**

**5 9/16% P.A.  
6 MONTH  
CERTIFICATES OF  
DEPOSITS**

**TAX EXEMPTED**

- THE RETURN IS CREDITED TO CLIENT'S ACCOUNT EVERY 3 OR 6 MONTH ACCORDING TO THE INVESTMENT PERIOD.
- THE 3 MONTH CERTIFICATES OF DEPOSITS ARE ISSUED IN 1000-2500-5000-10000 & 50000 U.S. DOLLARS DENOMINATIONS.
- THE 6 MONTH CERTIFICATES OF DEPOSITS ARE ISSUED IN 5000-10000 & 50000 U.S. DOLLARS DENOMINATIONS.
- CERTIFICATES OF DEPOSITS ARE ISSUED AT THE BEGINNING & THE MIDDLE OF EACH MONTH.
- POSSIBLE RECOVERY OF THE CERTIFICATES OF DEPOSITS IN FULL AT ANY TIME & FROM ANY OF THE BANK'S BRANCHES.
- POSSIBLE BORROWING AGAINST THE CERTIFICATES OF DEPOSITS ACCORDING TO THE TERMS SPECIFIED BY THE BANK.

Head Office:  
35 Abdel Khalek Sarwat St., Cairo.  
El Tahrir Branch:  
1113 Corniche El Nil St., Cairo.  
El Mohandessin Branch:  
60 Mohamed Hassan Helmi (Ex. Guezir El-Arab St.).  
Heliopolis Branch:  
95A Mergheini St., Cairo.  
Port Said Branch:  
57 El Gomhoreya St., Port Said.  
Alexandria Branch:  
2 El Horreya Avenue, Alexandria.

C R E A T I V E C U L T U R E

**INVESTCORP****CORPORATE INVESTMENT****REAL ESTATE INVESTMENT****PROPRIETARY TRADING****ACQUISITIONS TO DATE****51****TOTAL ACQUISITION VALUE****\$6.5 BILLION****INVESTCORP ACTS AS A PRINCIPAL AND AN****INTERMEDIARY IN INTERNATIONAL****INVESTMENT TRANSACTIONS**

**BAHRAYN**  
INVESTCORP HOUSE  
P.O. Box 5340  
MANAMA, BAHRAYN  
TELEPHONE: 552000



**LONDON**  
INVESTCORP HOUSE  
65 BROOK STREET  
LONDON W1Y 1YE  
TELEPHONE: 071-629 6600



**NEW YORK**  
280 PARK AVENUE  
NEW YORK  
NEW YORK 10017  
TELEPHONE: 212-599 4700

INTERNATIONAL  
BusinessWeek

## This week's topics:

- Russia's New Capitalism
- Why Business Hates Clinton
- Is The Jinx Finally Off Jaguar?
- Inside Fidelity, The King Of Funds
- Procter & Gamble's Global Stretch

Now available at your newsstand!

BusinessWeek International  
14, av d'Orsay, CH-1800 Lausanne Tel. 41-21-617-4411  
For subscriptions call UK 44-628-23431 Hong Kong 852-523-2939Don't miss the upcoming  
Special Report on**INFRASTRUCTURE &  
CAPITAL SPENDING**in the November 3rd  
issue of the newspaper.**Herald Tribune**

PUBLISHED WEEKLY BY THE NEW YORK TIMES AND THE PARSIPPANY POST

**CONFERENCES, COURSES AND EXHIBITIONS****OCTOBER 14****OCTOBER 4, 5 & 6****FEB. 16-18**

**Monte Carlo Business Forum**  
As part of the International Fair of Monaco,  
the Monte Carlo Chamber of Commerce in collaboration with the  
Board of Trade and Industry, the Monte-Carlo Banking Association, the Real Estate Chamber,  
the Chartered Accountants' Association and the Bar Association, invites you to attend a series of  
conferences on the theme "Business Opportunities". The entrance is free.  
Special rates for extended weekend in  
Monte Carlo can be provided upon request.

**Expo**  
JEUNE CHAMBRE ECONOMIQUE DE MONACO  
B.P. 13 MC 98001 MONACO CEDEX  
Tel.: (33) 92.05.54.00 • Fax: (33) 92.05.51.29

MONACO

NEW ORLEANS, LA, U.S.A.

**Societies in Crisis  
and Mental Health**

The most important marketplace for business  
executives in the world, the NBA Convention spans  
nearly one-third mile of indoor exhibit space. An  
impressive array of associations, foundations,  
and international organizations. Conference  
organizers seek social-aware Companies to  
develop symposia illustrating their efforts to help  
solve these problems.

Contact Mercure Communication  
International,  
Tel.: (33) 14 42 99 17 70  
Fax: (33) 11 45 63 25 68

PARIS

**TO ADVERTISE PLEASE CONTACT PARIS ON FAX:  
(33-1) 46 37 93 70****Now You'll Never Forget Anything Ever Again!****Introducing The New Voice Organizer™!****Finally, it's this simple: If you can  
talk, you can stay organized!**Whether you're in a plane or your car, at home or in a hotel,  
the amazing Voice Organizer™ reminds you *who*, *what*, *where*,  
*when*.Thanks to voice recognition technology, you can stop fumbling  
with miniature keyboards. All you have to do is talk into your  
friendly Voice Organizer to program the dates, times, figures,  
phone numbers, ideas and appointments you need to remember.**Voice Recognition In Five Languages!**Your Voice Organizer is capable of understanding and displaying  
the language of your choice from English, French, German, Italian  
or Spanish. (Multi-lingual instructions are included).Who was I  
supposed to call?  
What was that idea I had  
for my presentation?Where was I supposed  
to pick up those reports?  
When did I reschedule  
that meeting?Manufactured by the world leader in voice recognition products,  
your Voice Organizer requires only three AAA batteries, which  
are included.Take advantage of the easiest way to remember everything instantly.  
The amazing Voice Organizer is now available in any store. To order  
yours, call one of the following numbers. If you wish to pay by credit  
card please have your details ready.

For Quick Delivery Call Now:

**UK: 0753 676956**

Fax: 0753 537576

Austria: 0222 313 9674 Germany: 0781 63366

Netherlands: 046 391 358 Switzerland: 071 326074

Other Countries call: +44 753 676956

To pay by cheque, euro-cheque or money order send  
your payment to the following address:

£149.99 plus £8 postage and packing fee

Voice Organizer

Dept IHT, Unit 11, Banbury Avenue, Shrewsbury SY1 4LH United Kingdom.

**Now...Try Your Own Voice Organizer  
RISK FREE For 30 Days!**Order your friendly Voice Organizer now and use it for 30 days with no  
obligation. The price is just £149.99 (plus £8 p+p). If you decide to  
return it within 30 days you'll receive full credit.

INTERNATIONAL INC.

The World Leader in Voice Recognition Products.

INTERNATIONAL POWERED TECHNOLOGY

INTERNATIONAL INC.



# MONDAY

# SPORTS

## Rainbow's Gone, but U.S. Cyclist Sees How Sweet It Was

By Samuel Abt

*International Herald Tribune*  
ST. ARNOULD EN YVELINES, France — Lance Armstrong is back in his team jersey now, a blue and red one, and only the discreet multicolored stripes at the neck and sleeves indicate that he ever wore the broad bands of the world champion's rainbow jersey.

"My new old jersey, yeah," he said of the blue and red one. Armstrong, who last year at the age of 21 became the second-youngest man ever to win the professional bicycle road racing world championship, finished seventh in August in the same race.

"I was pleased with my race," he said this weekend. "I was outnumbered a bit: When it came down to 20 odd guys, there were seven Frenchmen and seven Italians."

He was the only American left among the leaders in the race, which is the only one all season contested by national, instead of commercial, teams.

"There's not a whole lot you can do in that scenario," he added.

So, when Luc Leblanc, a Frenchman, pulled on the rainbow jersey in Sicily, Armstrong returned to the standard uniform of his Motorola team.

His feelings are decidedly mixed. All season he noted that he was closely shadowed by his rivals and never allowed to attack without drawing a crowd. Now that the affable Texan is simply another rider in the pack, as he was Sunday in the Paris-Tours race, he feels the loss.

"I miss it," he said before the start, speaking of the rainbow jersey. "I realize now what I had. But I'm also realistic and I realize that nobody can wear that jersey every year. If I have one year without it, I have to do my best to regain it."

"When I won the jersey it was a surprise," he added, "and I took it and wore it for a year and you don't realize at a young

Liège-Bastogne-Liège and the San Sebastian classics, second place in the Tour DuPont and the strong seventh place in the world championship road race.

"I'm happy with my results," he continued, "but some of the results just don't stick out. Not as much as last year. I feel I performed well in the jersey, fairly consistent. My goal was to be successful in the World Cup and I'm in a good position there now."

He ranked fifth overall in the season-long series of World Cup classics, or one-day races, before Paris-Tours, in which he finished behind the leaders on Sunday. In a tumultuous sprint finish, including a crash that downed half a dozen riders, the race was won by Erik Zabel, a German with the Telekom team. Gianluca Bartolami, an Italian with the Mapei-Cas team, was second and Zbigniew Spruch, a Pole with Lampre, was third. The highest-placed Motorola rider was Steve Bauer, a Canadian, in sixth place.

Armstrong trained hard for the 250-kilometer (155-mile) race from the town of St. Arnould en Yvelines, deep in the hilly woods outside Paris, to Tours in the Loire Valley. Long, flat and windy, the race often ends in a mass sprint, as this one did, and that is not his specialty.

"I did good training for this race and I'm extremely focused," he said beforehand. As for his form, "I think it's good." He has one more major race on his European schedule, the Tour of Lombardy next weekend. Then he will return home to Austin, Texas, and a busy off-season.

"I'll be husier this winter than last year," he said. "Off-the-bike stuff."

Among other projects, he will help the U.S. Cycling Federation

start a program to develop younger riders and expects to work as a spokesman for organizations fighting multiple sclerosis.

Also he has an appointment next month at a concert with the Rolling Stones, some of whom are bicycle racing fans.

"That's exactly right, Nov. 5 in San Antonio," Armstrong said. "I'll get up on stage and jam with the boys a little bit. Then the 6th, 7th and 8th I have

to be in San Francisco for a multiple sclerosis convention."

He said that nobody close to him has the neurological disorder but that he hoped to raise funds for research as a good citizen.

"I've always been one," he said. "It's a serious stuff that I do out of my own time and for absolutely nothing."

He will continue to train, of course, looking forward to the

next season, especially the next world championship, which will be held in Colombia.

"I've got to be realistic and not expect to win that race every year," he repeated. "It's O.K. I'm happy. But I tell you now I'll be much hungrier before Colombia than I was before Sicily. Last year, on paper, it looks better than this year for me."

"But," he promised, "we'll be back."

## SIDELINES

### Els Sets a Record in German Golf

MOTZEN, Germany (AP) — Ernie Els of South Africa, held off a charge from Spain's José María Olazábal on Sunday at the Mercedes German Masters, finishing with a 3-stroke lead and a three-round total of 19-under par 197 that set a European record.

The U.S. Open champion cooled off from his torrid play in the first two days with a 2-under 70, but his three-day total was one stroke better than the PGA European tour record that Miguel Angel Jimenez of Spain managed in 1993. Olazábal finished at 16-under 200, followed by his compatriot Seve Ballesteros, who shot a 65 for a 13-under 203.

Steve Elkington of Australia was declared the winner of the Southern Open in Pine Mountain, Georgia, after the final round was rained out on Sunday. Elkington held a 5-shot lead over his compatriot Steve Rintoul after three rounds.

### Top U.K. Horse Trainer Murdered

CHEVELEY, England (AP) — Alex Scott, a top racehorse trainer, was found shot to death at his stable and the police said they had charged a 58-year-old man with the murder.

Scott, 34, was killed by a single bullet wound to the chest on Friday night. Late Saturday, the police arrested a man from around Cheveley, one of the racing towns of Newmarket, about 50 miles (80 kilometers) northeast of London. William O'Brien was charged with murder on Sunday.

Scott was in charge of 75 horses and had chalked up more than 135 victories in the past five seasons, according to Press Association, a British news agency.

### N.Y. Slims to Be Navratilova's Last

NEW YORK (AP) — New York will officially bid farewell to Martina Navratilova in November at the Virginia Slims championships, the last singles tournament of her career.

"I think it is fitting that my last singles event will be a Virginia Slims championships because they have been the most prevalent throughout my career," Navratilova, 37, said in announcing her final appearance in New York.

Navratilova, who has won 167 singles titles, will be honored on Nov. 15, the first night of the tournament, with a "Tribute to Martina" program.

### For the Record

Steve Robinson of Wales retained his World Boxing Organization super-featherweight title for the fifth time with a ninth round knockout of England's Duke McKenzie in Cardiff on Saturday. (Reuters)

Pernell Whitaker dominated James (Buddy) McGirt to retain his World Boxing Council welterweight title with unanimous decision in Norfolk, Virginia, on Saturday. (Reuters)

Ike (Bezooga) Quartey of Ghana retained his World Boxing Association welterweight title by stopping Alberto Cortes of Argentina in Carpentras, France, on Saturday. (Reuters)

## SCOREBOARD

### Top 25 College Results

Here are the top 25 teams in the Associated Press men's college football poll. Next week: No. 10 Michigan State; No. 11 Florida; No. 12 Penn State; No. 13 Ohio State; No. 14 Michigan; No. 15 Michigan State; No. 16 Wisconsin; No. 17 Michigan; No. 18 Michigan State; No. 19 Michigan; No. 20 Michigan State; No. 21 Michigan State; No. 22 Michigan State; No. 23 Michigan State; No. 24 Michigan State; No. 25 Michigan State.

### Other Major College Scores

#### EAST

Brown 24, Colgate 7

Conn. 24, Connecticut 21

Columbia 25, Lafayette 13

Cornell 21, Lehigh 17

Duke 42, Navy 14

Duke 22, Boston College 14

Georgetown 21, Cornell 13

Johns Hopkins 21, Boston College 14

Lehigh 17, Boston College 14

Massachusetts 24, Boston College 14

Michigan 24, Boston College 14

Notre Dame 24, Boston College 14

Princeton 21, Boston College 14

Stanford 38, Penn 21

St. Francis, Pa., 25, Mercyhurst 7

Syracuse 28, Villanova 16

Yale 26, Connecticut 17

SOUTH

James Madison 24, Boston U. 21

Marquette 19, Delaware 13

Michigan 22, St. John's 19

Minnesota 25, Middle Tennessee 12

Monmouth 11, Miami 12

Princeton 13, Bucknell 7

Rutgers 38, Penn 21

St. Louis 25, Memphis 17

Tennessee 23, Memphis 17

Temple 24, Boston College 14

UConn 24, Boston College 14

West Virginia 34, Missouri 10

Youngstown St. 25, McNeese St. 10

Zhengzhou 25, Shaanxi 10

#### Georgia Southern 46, VMI 8

Gwinnett 54, Georgia Tech 21-12

Carolina State 14-10 beat Georgia Tech 21-12

Next: No. 23 Kentucky vs. Kansas

Thursday, Oct. 6, 24, Commonwealth 58-50 beat

Florida 25, Illinois 23 lost to Princeton 21-14

Next: No. 20 Ohio State, Saturday,

Oct. 14, 25, Michigan State 34-10

Next: No. 24 Colorado State, Saturday, Oct. 14, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 4

# MONDAY SPORTS

## For No. 5 Colorado, Last-Second Score Again Seals Victory

Compiled by Our Staff From Dispatches

Rashawn Salaam found the going at Memorial Stadium in Austin, Texas, quite to his liking.

The Colorado tailback ripped the Longhorns for a career-best 317 yards rushing even though the fifth-ranked Buffaloes needed another last-second score to win, 34-31, Saturday.

Salaam, who started the day as the country's leading scorer,

### COLLEGE FOOTBALL

was terrific in Texas. The junior scored on a 6-yard run in the first quarter and caught five passes for 45 yards.

His effort fell 25 yards short of Colorado's single-game record.

"He ran with resolve and toughness, and he just kept coming back," said Bill McCartney, Colorado's coach.

Colorado manufactured a deliberate, almost final drive that led to Neil Voskerichian's 24-yard, game-winning field goal with one second left to give the Buffaloes the victory.

Salaam caught a 15-yard pass on third down with 9 yards to go from the Texas 38-yard line, bringing the Buffaloes within field goal range. Three plays later, on third-and-7 from the 20, Salaam ran for 9 yards to the Texas 11. Two plays later, Voskerichian's kick allowed the Buffaloes to sweep three consecutive ranked teams — Wisconsin, Michigan and Texas.

• In other games Saturday: No. 1 Florida 38, Mississippi 14; In Oxford, Mississippi, the Gators didn't come close to their 58-point scoring average, but Terry Dean still threw four

touchdown passes in Florida's closest game this season.

No. 2 Nebraska 42, Wyoming 32; In Lincoln, Brook Beringer, replacing the injured Tommie Frazier at quarterback, scored three touchdowns before being hospitalized with a partially collapsed left lung.

Beringer was expected to be released Sunday, and Tom Osborne, who coaches the Cornhuskers, said it looked like he would be able to play next week.

No. 4 Penn State 48, Temple 21; In Philadelphia, Freddie Scott caught three touchdown passes and Jon Witman ran for two scores as the Nittany Lions withstood an injury to running back Ki-Jana Carter.

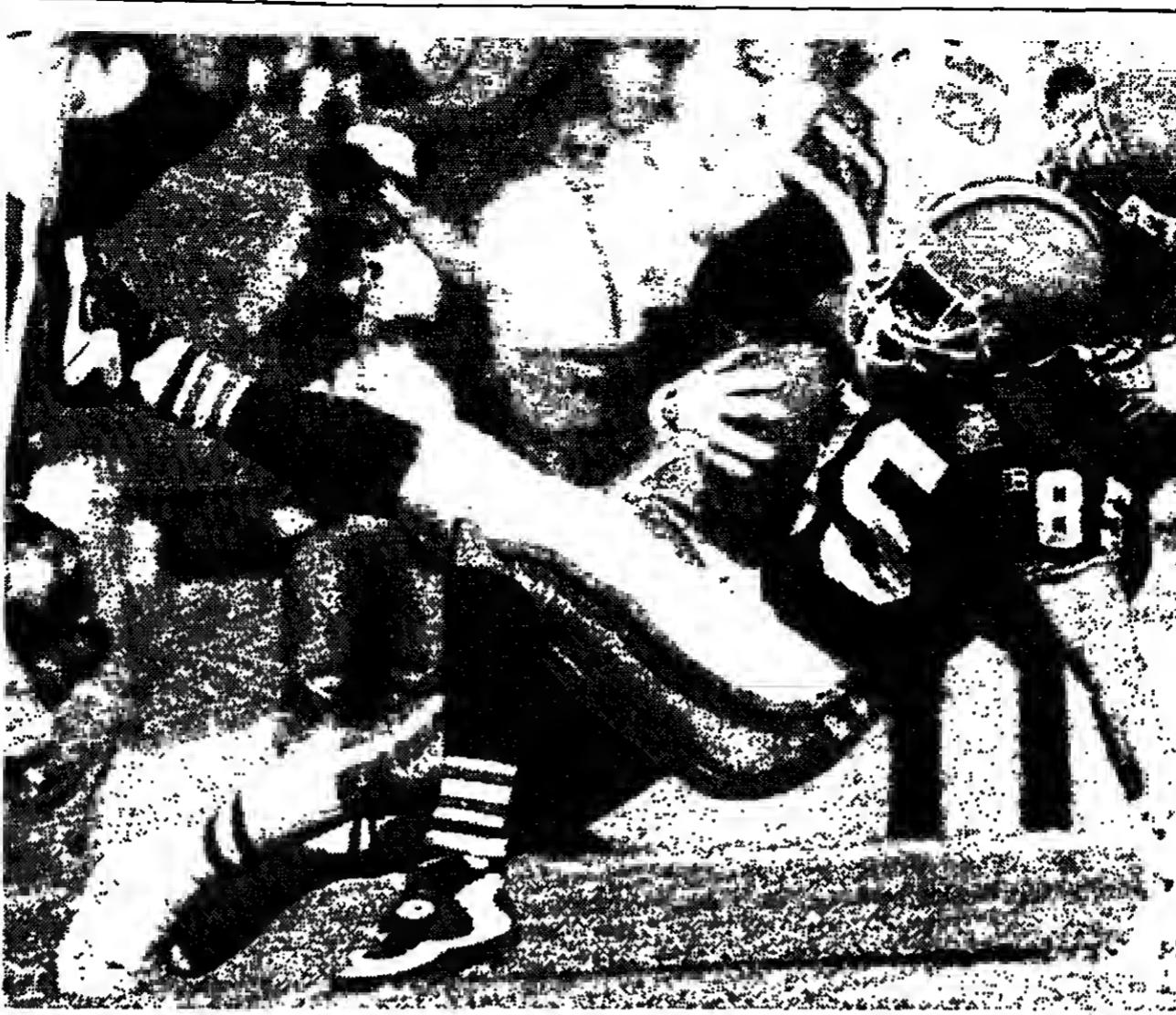
Carter did not return to the game after dislocating his right thumb while catching a 9-yard pass with 25 seconds left in the first half. He had gained 61 yards on nine carries and caught three passes for 49 yards before going down.

No. 6 Arizona 38, Oregon State 10; In Tucson, Arizona, Dan White threw three touchdown passes and Arizona, despite having trouble stopping Oregon State's running game, remained unbeaten.

No. 7 Michigan 29, Iowa 14; Tyrone Wheatley made his first start of the season for Michigan, producing 182 yards and two touchdowns for the Wolverines in Iowa City, Iowa.

No. 8 Notre Dame 34, Stanford 15; In South Bend, Indiana, Ron Powtus threw three touchdown passes and completed 10 of his first 11 passes for 168 yards for the Irish.

No. 10 Texas A&M 23, Texas Tech 17; In College Station, Texas, Rodney Thomas scored



James Hasty, of the New York Jets, put an end to Cleveland wide receiver Derrick Alexander's run Sunday.

By Associated Press

Any intrigue surrounding Heath Shuler's first National Football League start had faded by the time Emmitt Smith limped off the field late in the second quarter.

The loss of Smith, who pulled a hamstring and did not return

### NFL ROUNDUP

to the game, did not faze the Dallas Cowboys as they cruised to a 34-7 rout of the Washington Redskins on Sunday.

The Redskins, playing at home, fell apart completely with Sbuler replacing John Friesz behind center, committing penalties and turnovers that enabled Dallas to take a 31-0 halftime lead. It was the Redskins' worst start in a game since Nov. 9, 1980, when Chicago went 35-0 at the half.

The rookie from Tennessee looked terrible, throwing 11 completions in 29 attempts for just 95 yards, one touchdown and an interception.

It was Redskins coach Norv Turner's first meeting with the team he helped to two Super Bowl titles as offensive coordinator. Washington's running game told the story: 14 carries for 24 yards.

But while the Redskins took themselves out of the game with mistakes, they also were out-classed by a superior opponent.

• In other games Sunday:

Buccaneers 24, Lions 14; Tampa Bay's special teams were able to erase a bit of the club's negative history, providing the spark for a victory over Detroit.

Vernon Turner ran a punt back 80 yards for a touchdown — the first kick of any kind that Tampa Bay (2-3) has returned for a touchdown in the team's 18-year history. The club's first blocked punt in five seasons set up the game-clinching touchdown in the third quarter.

Packers 17, Panthers 16; Matt Bahr's 33-yard field goal with four seconds left ended two minutes of kicking comedy and gave New England a win over Green Bay. The Packers made it possible by bumbling an extra-point attempt and botching the ensuing kickoff.

The kick by Bahr decided a duel in Foxboro, Massachusetts, between young quarterbacks Drew Bledsoe and Brett Favre.

Bahr had missed his previous two attempts after making all 12 in his career with New England (3-2). But he got the chance to be the hero because Green Bay (2-3) could not kick any better.

Bledsoe completed 29 of 53

passes for 334 yards and two

scoring passes to Vincent Brisby against the Packers, who began the game with the NFL's second best defense.

Favre completed 25-of-

47 for 295 yards.

• Browns 27, Jets 7: Eric Metcalf scored one of Cleveland's three rushing touchdowns and Eric Turner had an interception, a sack and forced a fumble as Cleveland beat New York.

Cleveland improved to 4-1

for the first time since 1979. The Jets (2-3), playing without injured Boomer Esiason, lost their third straight.

New York spoiled what

would have been Cleveland's second straight home shutout when Rob Moore made a one-handed, diving catch of a 24-yard pass from Jack Trudeau with seven minutes to play. It was the first touchdown allowed by the Browns defense at home in nine quarters.

Patriots 17, Packers 16: Matt

Bahr's 33-yard field goal with

four seconds left ended two

minutes of kicking comedy and

gave New England a win over

Green Bay. The Packers made it

possible by bumbling an extra-

point attempt and botching the

ensuing kickoff.

The kick by Bahr decided a

duel in Foxboro, Massachusetts,

between young quarterbacks

Drew Bledsoe and Brett Favre.

Bahr had missed his previous

two attempts after making all 12

in his career with New England

(3-2). But he got the chance to be

the hero because Green Bay (2-

3) could not kick any better.

Bledsoe completed 29 of 53

passes for 334 yards and two

scoring passes to Vincent

Brisby against the Packers, who

began the game with the NFL's

second best defense.

Favre completed 25-of-

47 for 295 yards.

• Browns 27, Jets 7: Eric Metcalf

scored one of Cleveland's three

rushing touchdowns and Eric

Turner had an interception,

a sack and forced a fumble as

Cleveland beat New York.

Cleveland improved to 4-1

for the first time since 1979. The

Jets (2-3), playing without

injured Boomer Esiason, lost

their third straight.

New York spoiled what

would have been Cleveland's

second straight home shutout

when Rob Moore made a one-

handed, diving catch of a 24-yard

pass from Jack Trudeau with

seven minutes to play. It was the

first touchdown allowed by the

Browns defense at home in nine

quarters.

Dawkins caught five passes

from Jim Harbaugh for 99

yards, including a 49-yarder

that set up a 5-yard touchdown

run by Faulk late in the first

quarter.

Browns 27, Jets 7: Eric Metcalf

scored one of Cleveland's three

rushing touchdowns and Eric

Turner had an interception,

a sack and forced a fumble as

Cleveland beat New York.

Cleveland improved to 4-1

for the first time since 1979. The

Jets (2-3), playing without

injured Boomer Esiason, lost

their third straight.

New York spoiled what

would have been Cleveland's

second straight home shutout

when Rob Moore made a one-

handed, diving catch of a 24-yard

pass from Jack Trudeau with

seven minutes to play. It was the

first touchdown allowed by the

Browns defense at home in nine

quarters.

Dawkins caught five passes

from Jim Harbaugh for 99

yards, including a 49-yarder

that set up a 5-yard touchdown

run by Faulk late in the first

quarter.

Browns 27, Jets 7: Eric Metcalf

scored one of Cleveland's three

rushing touchdowns and Eric

Turner had an interception,

a sack and forced a fumble as

Cleveland beat New York.

Cleveland improved to 4-1

for the first time since 1979. The

Jets (2-3), playing without

injured Boomer Esiason, lost

their third straight.

New York spoiled what

would have been Cleveland's

second straight home shutout

when Rob Moore made a one-

handed, diving catch of a 24-yard

pass from Jack Trudeau with

seven minutes to play. It was the

first touchdown allowed by the

Browns defense at home in nine

quarters.

Dawkins caught five passes

from Jim Harbaugh for 99

yards, including a 49-yarder

that set up a 5-yard touchdown

run by Faulk late in the first

quarter.

Browns 27, Jets 7: Eric Metcalf

scored one of Cleveland's three</

